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# EUROPE

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### Situation and Outlook Series

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### Weights and Measures

The metric system of weights and measures is used in this report. The following are conversions to the U.S. system of weights and measures:

1 hectare (ha) = 2.47109 acres

1 kilogram (kg) = 2.204622 pounds

1 liter = 1.0567 quarts

1 metric ton (mt) = 2,204.622 pounds

1 metric ton = 1.102311 short tons

1 metric ton of wheat = 36.7437 bushels

1 metric ton of corn = 39.368 bushels

1 metric ton of barley = 45.9296 bushels

The July 1993 exchange rate of \$1.1341 per ECU is used in this report. The "switchover coefficient" of 1.207509 is used to convert policy prices and amounts into market ECUs.

## **Summary**

The European Community (EC) is implementing its Common Agricultural Policy (CAP) Reform, changing the way domestic support is provided to EC farmers. An agreement on agriculture in the Uruguay Round of the GATT would add international disciplines on EC agriculture. The Blair House Agreement, reached last November by the United States and the EC, could set the stage for a GATT agreement in December.

CAP Reform, scheduled to be implemented over 3 years, affects most agricultural sectors, with the biggest change in cereals, where support prices will be cut 33 percent during the period. CAP Reform placed new administrative burdens on farmers, member state governments, and the EC Commission. The Reform is administered through an EC-wide Integrated Administrative Control System to combat fraud.

Since initial agreement on CAP Reform in May 1992, a number of rules have been modified, including an increase in the payment rate on set-aside land, a reduction in the non-rotational set-aside rate, and an expansion of the dairy quota.

The Blair House Agreement establishes a common U.S.-EC position on reducing support to agriculture and cutting export subsidies in the agriculture negotiations of the Uruguay Round. Some key Uruguay Round issues, principally those relating to market access, must still be settled. The Agreement also contains side accords that resolve U.S.-EC disputes on oilseeds, corn gluten feed, malted barley sprouts, and U.S. corn and sorghum exports to Spain.

U.S. agricultural exports to the EC are forecast to increase in fiscal 1993 due to more sales of oilseeds and products. U.S. imports from the EC are growing more rapidly than exports, led by high-value products. In fiscal 1992, U.S. exports totaled \$7.2 billion, compared with imports of \$4.7 billion.

EC crop production is expected to decline in 1993. Production of wheat and coarse grains will fall only slightly, despite CAP Reform price cuts and the set-aside program. Smaller cereal area will be partially offset by the recovery of yields from last year's drought-depressed levels. As for oilseeds, changing competitive conditions and poor weather at planting time should reduce EC output. Demand for oilseeds and meal may fall due to lower grain prices, despite higher pork and poultry production. Sugar production is expected to return to normal levels after a record crop in 1992. Reform in the sugar sector was put off for another year.

CAP Reform will lower feed prices for livestock producers. With lower feed costs, consumer prices for pork and poultry should fall, increasing consumption. Higher pork and poultry production in 1993 should boost subsidized exports that compete with U.S. products. Beef support prices will fall 15 percent by 1996. Beef production is expected to drop slightly in 1993, although exports and stocks should each be over a million tons. EC dairy exports are expected to fall slightly for products other than cheese in 1993. The reform process in the dairy sector has avoided major changes thus far.

Lower CAP prices, combined with expected reductions in arable crop production, could contribute to a decline in EC farm income in 1993. However, significantly higher direct payments and reduced input costs for livestock producers will offset all or part of the lower value of crop production.

The EC agricultural budget continues to climb and is expected to exceed the official spending "guideline" in either 1993 or 1994. Compensation payments instituted under CAP Reform, changes in the price package, and added costs due to currency volatility are pushing up spending while slower economic growth has limited the guideline.

EC gross domestic product is expected to contract slightly in 1993, with only a weak recovery in 1994. Unemployment has returned to double-digit levels. In August, the EC widened the permitted fluctuation in the currencies of the Exchange Rate Mechanism (ERM) of the European Monetary System. The change may result in lower interest rates and improved economic performance.

Negotiations on EC membership with Austria, Finland, Sweden, and Norway started earlier this year, with support for arctic and Alpine farmers the main agriculture issue. Accession could occur as early as 1995.

The EC has completed trade agreements with a number of countries in Central and Eastern Europe (CEE), and is negotiating similar agreements with Russia and other countries of the former Soviet Union. Access for CEE agricultural products into the EC market remains limited despite the trade agreements.

After 35 years, the EC finally established a common market in bananas with an import quota of 2 million tons. The regime offers free trade within the Community, but worsens import access in a number of countries, particularly Germany. The new system has led to legal challenges both within the EC and from Latin American producers.

## General Economic Situation

*Caught in a structural and cyclical downturn, the economy of the European Community (EC) is expected to contract in 1993, with only a weak recovery forecast for 1994. In most EC member states, unemployment is at double-digit levels, much higher than in the United States or Japan. In August 1993, the EC significantly weakened its exchange rate mechanism in response to unrelenting speculative pressure. [Daniel J. Plunkett and C. Philip Brent]*

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The macroeconomic situation in the European Community (EC) is characterized by a prolonged slowdown in growth, high unemployment, declining investment, and currency market instability. After 4 years of slowing growth rates, EC gross domestic product (GDP) is expected to contract 0.4 percent in 1993, before posting a weak recovery of 1.8 percent in 1994 (table 1.1). An EC survey points to a drop in industrial investment in 1993, which, combined with low business and consumer confidence, will hamper economic growth in 1994 and beyond. This outlook could be improved somewhat by the EC's decision on August 2, 1993, to widen the permitted fluctuation in the currencies of the Exchange Rate Mechanism (ERM) of the European Monetary System.<sup>1</sup>

The economic slowdown in Germany, which accounts for about one-third of EC GDP, has been worsened by sluggish growth in the United States and Japan. German GDP is forecast to grow 1.4 percent in 1994 after contracting nearly 2 percent in 1993. Germany's economic performance during first quarter 1993 was the worst since the 1960s. Demand was off significantly for nearly every major industry except housing construction, and manufacturing output declined almost 12 percent from the first quarter of 1992.

The primary causes of the German recession are monetary and fiscal austerity in the wake of the huge expenditure necessitated by German unification. It is widely believed that Germany still suffers from "inflation angst" due to memories of the hyperinflation of the 1920s, and is willing to sacrifice short-term economic growth to control inflation. The recent decision to widen the ERM bands should lead to an effective appreciation of the Deutschmark within the ERM, and could harm German exports to other EC members in the short term.

After more than 2 years of recession, economic growth resumed in the United Kingdom in 1993, with a 3-percent increase forecast for 1994. Suspending participation in the ERM in September 1992 allowed the U.K. to loosen monetary policy and cut interest rates. This improved business confidence and export performance as the pound depreciated. The recovery of the U.K. economy was a factor in the decision of its EC partners to weaken the ERM. The other major EC economies, France and Italy, also are expected to move back into the positive growth column in 1994.

### **Double-Digit Unemployment Returns to the EC**

Unemployment in the EC has been climbing for the past 5 years, and is expected to peak at 12.2 percent in the first half of 1994. Unemployment averaged 8.7 percent between 1989 and 1991, after ranging between 10 and 11 percent from 1983 to 1988. In 1992, EC unemployment returned to double-digit levels. By comparison, unemployment for 1992 was 7.4 percent in the United States and 2.2 percent in Japan. By 1994, the number of unemployed workers in the EC as a whole is expected to reach almost 18 million people, up 30 percent from 1991. The number of unemployed in Germany is forecast to be up 70 percent from 1991, and in Belgium, Greece, and Luxembourg, up over 40 percent. Agriculture is one of the sectors in which employment is declining, along with defense, government employment, mining, shipbuilding, and steel. One reason for the poor outlook for job growth is that business investment is being aimed at rationalizing production structures, i.e. streamlining, rather than expanding capacity.

The anticipated higher unemployment will further limit consumer spending. What makes the situation even worse is that long-term unemployment is increasing throughout the EC. In 1991, 45 percent of the EC unemployed had been without work for at least a year, compared with only 6 percent in the United States and 17 percent in Japan. In addition, over half of all the jobs created in the EC from 1973 to 1991 were in the public sector. In the United States and Japan, the private sector accounted for over 80 percent of all jobs created in that span.

EC economies are still restructuring in response to the Single Market, a process that started with the mergers and layoffs of the late 1980s. An OECD report suggests that the "natural" rate of unemployment in the EC may be as high as 8 percent, meaning that the economic structure within the EC will keep 8 percent of the labor force unemployed regardless of cyclical developments. One of the main barriers to new employment is the high accompanying costs (pensions, health benefits, etc.) required by the EC member states, which traditionally have had generous social policies. As a result, the use of temporary contracts for new workers is on the rise. Another key structural phenomenon is that companies are improving productivity by eliminating personnel and using computers and telecommunications more efficiently. However, it can be costly for firms to lay off workers; the average EC severance pay is 22 weeks per worker.

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<sup>1</sup> Belgium, Denmark, France, Germany, Luxembourg, the Netherlands, Portugal, and Spain remain within the ERM as of August 1993. Greece, Italy, and the United Kingdom operate currencies that float outside the ERM. The ERM was set up in 1979.

Table 1.1: Economic indicators for Western Europe, 1992-94

	GDP 1/ 1992 1993 1994			Consumption 2/ 1992 1993 1994			Unemployment 1992 1993 1994			Unemployed workers 3/ 1992 1993 1994			Trade balance 1992 1993 1994		
	Percent change			Percent change			Rate 4/			Thousands			Billion dollars		
EC	1.1	-0.4	1.8	1.5	0.4	1.2	10.1	11.6	12.1	14,892	17,107	17,912	-14.3	-8.9	-12.1
Belgium 5/	0.8	-0.7	1.2	2.2	0.5	1.0	10.3	11.9	12.9	436	507	552	1.1	0.7	0.4
Denmark	1.1	0.7	2.8	1.3	1.4	3.5	11.1	12.4	11.7	318	357	338	7.1	6.6	6.1
France	1.3	-0.7	1.5	1.7	0.7	1.6	10.2	11.2	12.1	2,554	2,807	3,048	1.8	1.5	1.0
Germany	2.0	-1.9	1.4	1.6	-0.8	0.2	7.7	10.1	11.3	2,366	3,113	3,500	31.7	32.5	32.3
Greece	1.4	1.1	1.7	1.3	0.8	1.7	7.6	10.0	11.0	311	412	458	-11.5	-11.0	-11.7
Ireland	2.7	2.6	3.4	3.2	2.4	2.7	17.2	19.5	20.0	233	271	281	6.1	5.6	5.6
Italy	0.9	-0.2	1.7	1.8	0.1	1.0	10.7	10.9	11.0	2,549	2,571	2,605	2.5	6.3	7.9
Luxembourg	2.4	1.2	1.8	3.1	1.9	2.4	1.5	1.9	1.8	3	4	4	NA	NA	NA
Netherlands	1.5	-0.3	1.4	1.6	0.7	1.0	6.8	8.5	9.3	482	608	670	10.8	8.7	9.4
Portugal	1.4	0.6	1.9	4.4	3.3	3.0	4.0	4.7	5.3	193	228	258	-8.9	-9.5	-11.2
Spain	1.0	-0.6	1.7	2.4	-0.7	1.3	18.4	22.5	22.4	2,789	3,434	3,429	-30.8	-25.8	-25.9
U.K.	-0.6	1.8	2.9	0.2	2.2	2.1	10.1	10.7	10.4	2,829	2,982	2,898	-24.2	-24.5	-26.0
EFTA 6/	-0.4	-0.6	1.7	-0.7	-1.3	0.8	5.6	7.5	7.4	918	1,223	1,216	15.3	19.9	27.5
Austria	1.5	-0.6	1.5	2.2	0.9	1.3	3.7	4.8	4.8	136	178	178	-7.8	-7.6	-8.3
Finland	-3.5	0.0	1.7	-5.3	-4.0	-0.5	13.1	16.6	16.7	328	414	415	3.8	5.8	8.5
Iceland	-3.3	-1.8	0.1	-3.5	-4.3	-1.5	3.0	5.3	6.2	4	7	8	0.0	0.0	0.0
Norway	3.3	1.5	2.9	1.8	1.7	3.0	5.9	5.7	5.3	126	122	115	9.5	9.9	11.4
Sweden	-1.7	-2.0	1.4	-1.9	-3.9	-0.3	5.3	7.3	7.4	235	317	319	7.0	8.6	12.3
Switzerland	-0.6	-0.5	1.6	-0.3	-0.5	1.0	2.5	4.6	4.4	89	165	159	2.8	3.2	3.6
W. Europe	0.9	-0.4	1.8	1.2	0.2	1.1	9.6	11.2	11.6	15,810	18,330	19,128	1.0	11.0	15.4
United States	2.1	2.6	3.1	2.3	2.7	2.5	7.4	7.0	6.5	9,393	8,939	8,417	-96.3	-112.1	-121.5
Japan	1.3	1.0	3.3	1.8	1.0	3.4	2.2	2.5	2.6	1,448	1,665	1,753	132.3	148.9	159.2

NA= not applicable. Data for 1993 and 1994 are projections.

1/ Gross domestic product.

2/ Real private consumption.

3/ Estimated using OECD labor force growth rates.

4/ Percent of labor force.

5/ Trade balance includes Luxembourg.

6/ European Free Trade Association. Liechtenstein not available.

Sources: OECD Economic Outlook, No. 53, June 1993; for inflation, DRI World Markets Report, June 1993.

Note: For historical macroeconomic data, see appendix tables 1 through 8.

### Inflation To Slow Further by 1994

The general decline in EC inflation over the past 2 years is forecast to continue into 1994 as expected tight monetary policies, the slowdown in economic growth, and decreased labor clout in the face of high unemployment combine to hold down prices. Inflation is expected to fall to an estimated 3.6 percent in 1993 and remain stable in 1994.

Inflation is one area where divergence is greatest in the EC, although the gap is narrowing. Countries with traditionally high inflation, such as Greece and Portugal, are progressively bringing their inflation rates more in line with the rest of the EC. In 1994, EC inflation rates are expected to vary from a low of 2 percent in Denmark to nearly 12 percent in Greece.

### German Interest Rate Policy of Concern to All of Europe

In recent years, interest rate policy has attracted a great deal of attention in the EC, given its link to exchange rate policy. One school of thought maintains that German rates were held high by concerns about inflation stemming from strong wage growth and bigger budget deficits after unification. To maintain the prescribed currency parities within the ERM, other countries were forced to keep their interest rates higher than they desired, stifling economic growth.

On the other hand, the German central bank (Bundesbank) argues that other countries did not make the difficult political decisions to cut spending and curb inflation needed to maintain the value of their currencies. Thus, high interest rates in Germany's ERM partner countries were necessary to prevent the capital flows that would have forced devaluations.

Germany's partners in the ERM pressured the Bundesbank to make significant interest rate cuts. Since the initial currency crisis in September 1992, the Bundesbank has cut interest rates several times, citing improved discipline in money supply growth and inflation (figure 1.1). The incremental German cuts, which were quickly matched by other countries in the EC and European Free Trade Association (EFTA), were not enough to satisfy Germany's ERM partners, who were more concerned with creating jobs and economic growth through lower interest rates than with reducing inflation below its already acceptable levels.

### **EC Finance Ministers Widen ERM Band To 15 Percent**

By the end of July 1993, speculative pressure on the French franc and other currencies was severely straining the ERM. Intervention in the currency markets by the French and German central banks failed to maintain the franc above its ERM floor. In a single day, July 30, the EC central banks spent an estimated 30 billion DM (\$50 billion) propping up weak currencies.

Finally, EC finance ministers agreed on August 2 to widen the band of permitted fluctuation within the ERM to 15 percent above or below bilateral parity rates. Previously, exchange rate fluctuation was limited to 2.25 percent above or below, except in Portugal and Spain, which were permitted 6 percent fluctuation. Germany and the Netherlands have a separate agreement that their bilateral rate will only fluctuate 2.25 percent up or down.

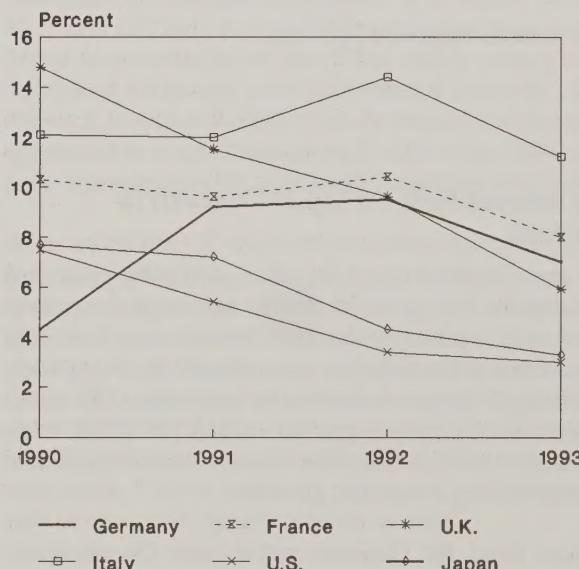
The main effect of the broader band is to weaken the link between the interest rate policy of the Bundesbank and the exchange rate market. This should allow other countries greater freedom to set their interest rates according to domestic economic conditions. Many EC countries are expected to lower their interest rates to stimulate higher growth. The new ERM has broad implications for the EC's reformed agrimonetary system (see "New Agrimonetary System Promotes Free Trade Within EC"). The EC finance ministers pledged to reinstitute the narrower bands of the ERM by January 1, 1994, to stay on the schedule for Economic and Monetary Union (EMU) set by the Maastricht Treaty.

Since the initial currency crisis of September 1992, the U.S. dollar has appreciated against most European currencies, with the economic recovery in the United States a principal contributing factor. The latest ERM crisis, coupled with expectations of a lower differential between U.S. and European interest rates, could cause the dollar to appreciate even further against the ECU (figure 1.2). In late July 1993, the dollar closed at 1.73 DM, a 2-year high.

### **Policy Choices Constrained by Maastricht**

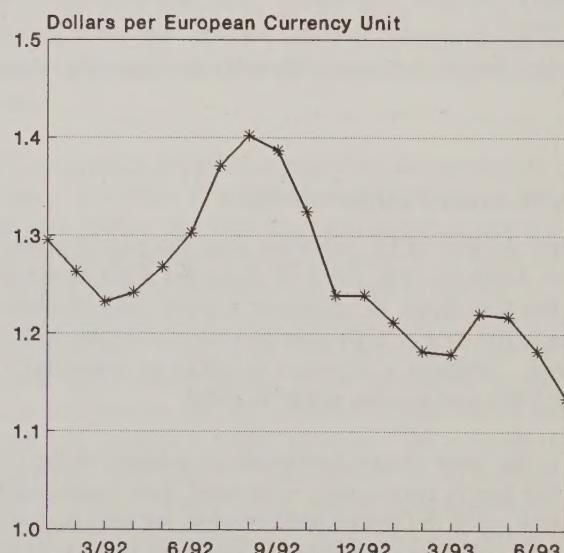
In trying to break out of recession, EC member states are constrained by the targets for economic convergence agreed to in the Maastricht Treaty. Maastricht, signed in February 1992 in the Dutch town of that name and ratified by all EC member states (pending a constitutional challenge in Germany), outlines the criteria considered necessary for member states to move to EMU with its goals of an EC central bank and a single currency.

**Figure 1.1  
Short-Term Interest Rates  
in the Major OECD Countries**



1993 is projected.  
Source: OECD, June 1993.

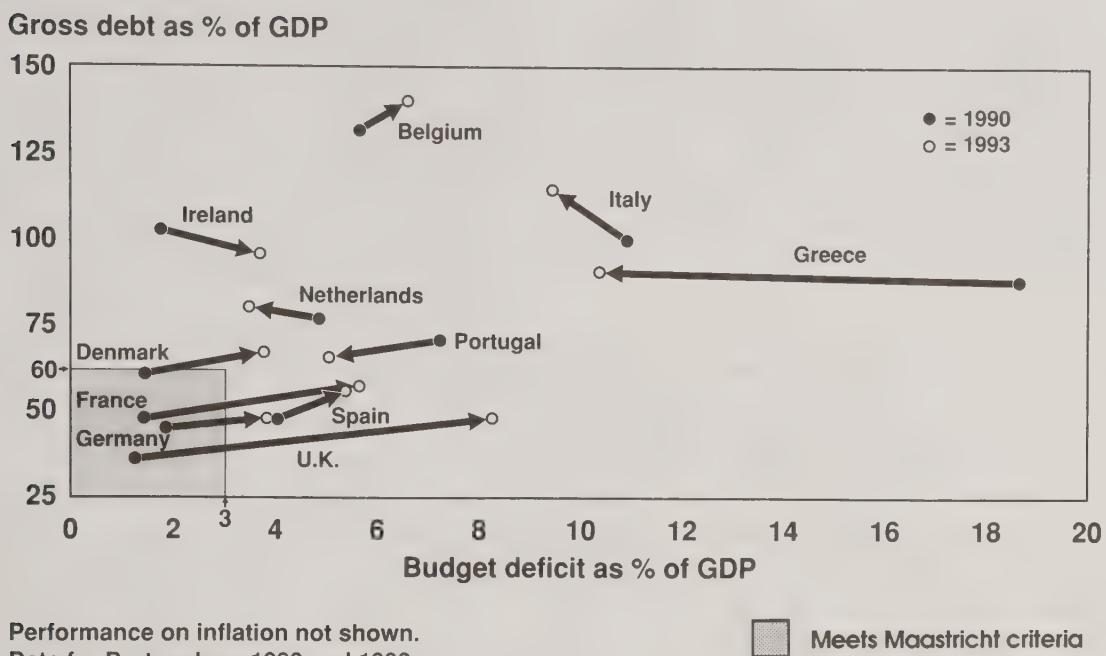
**Figure 1.2  
U.S./EC  
Exchange Rate**



A lower figure implies  
a stronger dollar.  
Sources: EC Commission; Federal Reserve.

Figure 1.3

## EC Performance on Maastricht Criteria in 1990 and 1993



The Maastricht targets are:

- Inflation rates within 1.5 percentage points of the three lowest countries.
- Long-term interest rates within 2 percentage points of the three lowest countries.
- Annual budget deficits held to only 3 percent of GDP.
- A limit on national debt obligations of only 60 percent of GDP.
- A member state's currency must have been within the narrow bands of the ERM for at least 2 years before joining EMU.
- Member state central banks must have independent status.

To meet these goals, governments are restraining monetary growth in an effort to fight inflation, cutting spending to trim their budget deficits, and moving towards privatization of state-owned companies in the hopes of reducing the national debt burden in the future.

The economic slowdown has made reaching the Maastricht targets more difficult. In 1990, when the intergovernmental conference to negotiate the treaty opened, five member states

already met the requirements for debt and deficit (figure 1.3). Only Luxembourg will meet both criteria in 1993. For the debt and deficit calculations, stagnant GDP keeps the denominator smaller than under conditions of economic growth. Reducing the national debt burden is undoubtedly the most difficult of the Maastricht criteria. The inflation target, on the other hand, is a moving average, and thus could be easier to meet, particularly if countries with low inflation in 1993, such as Denmark and the U.K., experience higher inflation in 1994 (table 1.2). Half of the member states are expected to meet the inflation and interest rate requirements in 1993. The narrow band limits on currency fluctuation in the ERM have been very effective in promoting the convergence of inflation and interest rates in the past. Reinstatement of the narrow bands will of course be necessary for EMU.

In recent months, the EC has reevaluated the Maastricht requirements for EMU, implying that member states must only show significant progress in moving towards these targets, rather than actually reaching them. While Maastricht foresees moving to a single currency as early as 1997, and no later than 1999, German Chancellor Kohl recently suggested that the plan may be delayed by a year or two.

Tightening fiscal policy has been one of the dominant themes in the EC in 1993, although the cyclical downturn is making budget reduction difficult. Germany, Italy, and the U.K. have all imposed austerity budgets that involve spending cuts and

## Stimulus Package Unveiled

To boost economic growth, the EC announced a 35-billion-ECU (\$40 billion) stimulus package in April 1993. The 2-year package, to be paid for primarily from the EC's various structural adjustment funds, seeks to accelerate existing investment plans in transportation, telecommunications, energy, and environmental projects, particularly in the poorer regions of the Community. The package also provides 7 billion ECU (\$8 billion) in "seed money" for new investments. The EC claims that the stimulus package will increase growth by 0.6 percent, investment by 3.0 percent, and employment by 450,000 new jobs by 1994.

tax increases. The situation became serious enough in Italy that the government received special powers from the Parliament to cut spending on public employment, pensions, health care, and local authorities' finances, all in an effort to maintain the 1993 budget at the previous year's level. France, Italy, and the U.K. have all undertaken widely publicized privatization campaigns involving such companies as Rhône-Poulenc, ENI, and British Rail.

## EFTA Countries To End 3-Year Recession in 1994

The European Free Trade Association (EFTA) is expected to suffer its third straight year of economic contraction in 1993, before returning to 1.7-percent growth in 1994 (table 1.1). One encouraging sign is improved performance in Finland, although Austria, a much larger economy, has fallen into recession in 1993. In some EFTA countries, a positive performance in an important sector--such as oil in Norway or forestry in Finland--can often lift the rest of the economy.

Table 1.2: Maastricht Treaty targets for economic performance 1/

Maastricht goal	Inflation 2/			Long-term interest rates 3/			Budget deficit as a share of GDP 4/			National debt as a share of GDP 5/		
	3.8%	3.4%	4.0%	10.2%	8.8%	8.4%	1992	1993	1994	1992	1993	1994
Actual performance	1992	1993	1994	1992	1993	1994	1992	1993	1994	1992	1993	1994
Belgium	2.4	2.8	2.7	8.7	7.4	7.0	6.8	6.6	5.5	135.3	140.0	141.5
Denmark	2.1	1.5	2.1	10.1	8.8	7.6	2.5	3.8	4.2	62.4	65.7	68.4
France	2.4	2.5	2.6	8.6	7.0	6.3	3.9	5.7	5.8	51.6	56.7	61.4
Germany	4.0	4.1	3.2	7.8	6.6	6.4	2.8	4.1	4.1	43.2	46.6	19.6
Greece	16.1	14.1	11.7	NA	NA	NA	10.6	10.4	10.1	92.4	90.9	90.8
Ireland	3.1	2.2	2.8	9.1	7.8	7.2	2.8	3.7	3.9	96.8	95.1	93.3
Italy	5.2	4.6	4.8	13.8	11.7	9.9	9.5	9.5	8.3	108.1	114.5	116.3
Luxembourg	3.4	4.1	3.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Netherlands	3.7	3.0	2.9	8.1	6.8	6.5	3.3	3.6	3.1	77	79.7	80.6
Portugal	8.9	8.9	8.1	11.7	9.7	8.9	5.1	4.8	4.25	65	NA	NA
Spain	5.9	5.8	5.1	12.2	10.7	9.8	4.8	5.4	5.7	51.9	55.7	59.1
United Kingdom	3.7	1.9	4.4	9.1	7.9	8.0	6.7	8.3	7.4	41	47.8	52.5
Austria	4.0	3.7	3.2	8.3	7.2	6.7	2	2.3	2.4	55.8	56.2	56.2
Finland	2.6	2.8	5.5	13.0	10.0	9.2	8.9	10.0	9.7	31.4	41.4	49.8
Iceland	4.0	3.2	1.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Norway	2.4	2.6	2.8	9.8	7.4	7.0	2.8	3.2	2.2	43.3	47.1	49.9
Sweden	2.3	5.0	3.4	10.4	9.0	7.7	7.1	13.0	11.3	52.9	65.8	76.4
Switzerland	4.1	2.6	1.8	6.4	4.9	4.4	NA	NA	NA	NA	NA	NA
United States	3.0	3.1	3.3	9.1	7.9	8.0	4.7	3.8	2.9	63.2	65.1	65.9
Japan	1.7	1.5	1.6	4.9	4.2	4.7	-1.8	-0.1	0.1	66.2	66.0	65.9

NA= not available. Data for 1993 and 1994 are projected.

- 1/ The EC's Maastricht Treaty outlines targets for economic convergence to be attained by 1999 for Economic and Monetary Union.
- 2/ The Maastricht Treaty specifies a moving target for inflation equal to the simple average of the 3 lowest EC inflation rates plus 1.5 percentage points. These figures are DRI consumer prices.
- 3/ The Maastricht Treaty specifies a moving target for nominal long-term interest rates of 2 percentage points above the 3 lowest EC inflation rates. These figures are August 1993 estimates by DRI.
- 4/ This estimate uses OECD figures for general government financial balance as a percentage of nominal GDP. A negative figure (such as Japan for 1992 and 1993) implies a budgetary surplus.
- 5/ This estimate uses OECD figures for gross public debt as a percentage of nominal GDP.

Sources: OECD Economic Outlook, No. 53, June 1993; DRI World Markets Report and World Markets Executive Overview, 1993.

EFTA unemployment, at about 7 percent, is much lower than in the EC, and more in line with the U.S. rate. However, Finland's unemployment picture continues to worsen even as the economy recovers.

Austria, Finland, Norway, and Sweden are currently negotiating to join the EC (see "Enlargement Talks Begin with EFTA Countries"). Economic conditions in these countries actually are closer to the Maastricht treaty targets than in many of the EC member states (table 1.2). Budget deficits in Finland and Sweden stand out among the EFTA countries. Finland, Norway, and Sweden have operated floating currencies in the wake of the ERM crisis of September 1992. Previously, although not in the ERM, these EFTA currencies were linked to the ECU.

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## The 1993/94 Price Package and Related Measures

*The 1993/94 price package contains a number of measures that modify the reform of the CAP agreed to in May 1992. The most significant changes are an increase in the payment rate on set-aside land, an expansion of the dairy quota, a reduction in the rate for nonrotational set-aside, and a proposal to allow production of sugarbeets for industrial uses on set-aside land. The myriad changes made by the Council demonstrate the difficulties the Commission faces in maintaining the integrity of the CAP Reform program and the budgetary spending guideline. [Michael T. Herlihy]*

Following 4 days of intense negotiations, the EC Council of Agricultural Ministers finally adopted a compromise package of agricultural prices and other farm policy adjustments for 1993/94 at 5 a.m. on May 27, 1993 (table 2.1). The Commission hoped that the price-setting exercise for 1993/94 would be uneventful, since the agreement 1 year before on CAP Reform fixed support prices and compensation amounts for grains, oilseeds, protein crops, beef, and butter through 1995/96. However, French demands for increased compensation for its farmers as a precondition for supporting the U.S.-EC agreement on oilseeds, resistance by the U.K. to the proposed 20-percent rate for non-rotational set-aside, and opposition to an increase in the milk quota for Italy made the price package negotiations as frenzied as ever.

### **Increased Payment Rate For Set-aside Land**

In response to French demands, the Council directed the Commission to submit a proposal that would increase the per hectare payment producers receive for land set aside starting in 1994/95. The payment rate would be raised from 45 ECU (\$62) per ton to 57 ECU (\$78) per ton. This means that the payment per hectare, based on the average EC cereals yield of 4.6 tons per hectare, would increase from 207 ECU (\$283) per hectare to 262 ECU (\$359) per hectare.

A higher set-aside payment is not likely to have much of an impact on production of arable crops. The per hectare set-aside payments are based on historic regional average yields

and thus are decoupled from (should not affect) current yields. The increase in the set-aside payment rate does reduce the income loss due to the set-aside requirement and thus may raise the incentive to participate in the program.

The EC Commission has proposed providing set-aside payments to farmers who idle land over and above that required by the program. The 27-percent increase in the set-aside payment contained in the price package will make the additional set-aside option more attractive. This will likely have only a small impact on production of arable crops since the additional set-aside option should attract mostly lower quality land.

### **Reduced Rate For Nonrotational Set-aside In Selected Areas**

In its CAP Reform proposal, the Commission proposed that land set aside be rotated as a way to ensure that set-aside was not concentrated on the least productive land. Once a parcel of land was set aside under the program, 5 years must pass before it could be set aside again. Thus with a 15-percent rate for rotational set-aside, 90 percent of a farmer's arable crop base will be set aside at some point during the rotation. When CAP Reform was adopted, the Council required that allowance be made for nonrotational set-aside at a rate to be set later based on the results of a "scientific" study of its production impact.

Table 2.1: EC agricultural prices, 1992/93 and 1993/94 1/

Product	Marketing Year	Type of price	1992/93	1993/94
			---ECU per ton---	
Common wheat	(7/1/93-6/30/94)	Target price	232.76	130.00
	-bread	Intervention	168.55	115.48
	-feed	Intervention	160.13	115.48
Barley	(7/1/93-6/30/94)	Target price	211.83	130.00
		Intervention price	160.13	115.48
Maize	(7/1/93-6/30/94)	Target price	211.83	130.00
		Intervention price	168.55	115.48
Sorghum	(7/1/93-6/30/94)	Target price	211.83	130.00
		Intervention price	160.13	115.48
Rye	(7/1/93-6/30/94)	Target price	211.83	130.00
		Intervention price	155.33	115.48
Durum wheat	(7/1/93-6/30/94)	Target price	276.71	130.00
		Intervention price	227.70	115.48
		Aid (ECU/ha)	181.88	297.00
Rice	(9/1/93-8/31/94)	Target price - husked rice	545.52	537.54
		Intervention price - paddy rice	313.65	313.65
Sugar	(7/1/93-6/30/94)	Basic price for sugar beet	40.00	40.00
		Intervention price - white sugar 2/	53.01	53.01
Olive Oil	(11/1/93-10/31/94)	Production target price	3,220.10	3,211.60
		Intervention price 3/	2,023.70	1,968.40
		Production aid	843.30	891.10
		Consumption aid	459.00	400.00
Cotton	(9/1/93-8/31/94)	Guide price	1,027.90	1,027.90
		Minimum price	976.50	976.50
Milk	(4/1/93-3/31/94)	Target price	268.10	264.00
Butter		Intervention price	2,927.80	2,840.00
Skimmed milk powder		Intervention price	1,724.30	1,724.30
Beef and veal	(4/1/93-3/31/94)	Guide price - adult bovine animals	2,000.00	2,000.00
		Intervention price	3,430.00	3,258.50
Sheepmeat	(7/1/93-6/30/94)	Basic price (carcass weight)	4,229.50	4,185.30
Pigmeat	(7/1/93-6/30/94)	Basic price (carcass weight)	1,897.00	1,897.00

1/ Prices do not reflect the agrimonetary effect.

2/ Spain received 595.70 ECU/t for 1992/93 marketing year and 544.1 ECU/t for 1993/94; Portugal received 542.44 ECU/t for 1992/93 and 1993/94 marketing years; Italy received 530.10 ECU/t for 1992/93 marketing year and 549.5 ECU/t for 1993/94; and the UK and Ireland received 530.10 ECU/t for 1992/93 and 542.20 ECU/t for 1993/94.

3/ Spain received 554.20 ECU/t for 1992/93 marketing year and 666.5 ECU/t for 1993/94; Portugal received 529.30 ECU/t for 1992/93 and 649.9 ECU/t for 1993/94.

Source: Commission of the European Communities.

On May 18, the Commission proposed that the rate for non-rotational set-aside be 20 percent, 5 percent above that for rotational set-aside. Under the price package compromise, the rate was reduced to 18 percent for areas that met one of two criteria.

The first criterion is that the land is in a nitrate-sensitive zone where there are mandatory programs to reduce fertilizer use. The lower nonrotational rate was justified by the expected production decline faced by these farmers under the nitrates directive (Directive 91/676/EEC). Nitrate-sensitive zones must be designated within 2 years of the December 1991 publication of the directive, and member states must notify the Commission within 6 months of the designation. It is

therefore possible, although not likely, for member states to expand their nitrate-sensitive areas in response to the lower nonrotational rate.

The second criterion is that the land must be in a country "where the percentage of base area fixed in regulation 845/93 estimated to be entered into set-aside in the first year of the scheme exceeds 13 percent as shown in the 1994 preliminary budget." This concession was won by the U.K.'s outgoing farm minister, John Gummer. It was expected that over 14 percent of base area would be set aside in the U.K., a higher percentage than in any other member state, because of its large average farm size (64 hectares or 158 acres).

Figures later released by the Commission show that only 12.4 percent of U.K. base area was actually set aside in 1992/93. Nevertheless, because the Commission drew up the 1994 budget based on the assumption that 14.8 percent of base area in the U.K. would be set aside, the U.K. qualifies for the 18-percent rate for the next 2 years regardless of how much land is actually set aside.

Given only a 3-percentage point differential between rotational and nonrotational set-aside, it is likely that a large percentage of U.K. farmers will implement the nonrotational set-aside. While this would increase the total U.K. area enrolled in the set-aside program, the production impact should be more than offset by increased average yields, as farmers remove marginal land from production.

#### ***Exempting The New German Länder And Portugal From Regulations Limiting Arable Base Area***

The Council directed the Commission to investigate the possibility of exempting the new east German Länder and Portugal from the provisions of the arable crops regulations which exclude land under permanent pasture, permanent crops, forest, or nonagricultural uses on December 31, 1991, from eligibility for arable crop and set-aside payments. Given this

exemption, base area and production of arable crops could increase in these regions. There may also be some shifting of base area into higher yielding regions from lower yielding regions.

[For analysis of changes to EC policy regarding dairy, linseed, production of sugarbeets for industrial uses on set-aside land, and agrimonetary changes, see the relevant articles in this report. For more detailed information on agricultural policy prices, see appendix table 34.]

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## **EC Agricultural Support Continues To Rise**

*The EC agricultural budget continues to climb and is set to exceed the official spending "guideline" in either 1993 or 1994. Compensation payments instituted under CAP Reform, changes in the 1993/94 price package, and the decision to maintain the "switchover mechanism" are raising spending while slower economic growth has reduced the guideline.*  
[Michael T. Herlihy]

The European Community (EC) adopted a record budget of 34.052 billion ECU (\$38.6 billion) for agricultural price and income support in 1993. Spending on agriculture will account for 52 percent of the total budget for the Community. This is a significant increase from 1992 agricultural expenditures, which were up 10 percent, and represents a jump of nearly 36 percent over 1990 (table 3.1). In spite of this increase in appropriations, spending is running over budget. The Commission will likely have to increase the 1993 agricultural budget by nearly 2 billion ECU to pay for compensation payments implemented under the reform of the CAP and cover the impact of currency realignments and changes made in the 1993/94 price package. This will push spending in 1993 precariously close to the official limit of 36.66 billion ECU.

#### ***Compensation Payments, Currency Realignments, and 1993/94 Price Package Push Spending Up***

Several factors are contributing to the increase in expenditures for 1993. First, the compensation payments approved as part of CAP Reform and the changes made in the oilseed regime are starting to affect the budget. Aid payments to oilseed

producers and advance payments of the ewe premium are primarily responsible for the increase in 1993. In the oilseed sector, payments still had to be made for the 1992/93 marketing year in addition to advance payments for winter rapeseed for 1993/94. Compensation payments for producers of arable crops and premiums for other livestock producers will have a significant impact on the budget starting in 1994.

A second factor that is contributing to the increase in expenditures for 1993 is the instability in EC exchange rates and the continued operation of the switchover mechanism (see "New Agrimonetary System Promotes Free Trade Within EC"). The Commission estimates that currency realignments since last fall and the continued use of the switchover coefficient will cost the EC agricultural budget 1.15 billion ECU in 1993. The Commission did not allow for this cost when drafting the 1993 budget because it strongly recommended that the switchover mechanism be abolished. However, the Council of Agriculture Ministers refused to abolish the switchover coefficient and the Commission now will have to increase the budget to cover the cost.

Table 3.1: Expenditure from the European Agricultural Guidance and Guarantee Fund (EAGGF) - Guarantee Section

	1984	1985	1986	1987 1/	1988 2/	1989 3/	1990 4/	1991 5/	1992 6/	1993 7/
<b>Title I: Crops</b>	<b>-Million ECU-</b>									
Cereals	1,650	2,310	3,391	4,138	4,264	3,150	3,800	5,077	5,457	7,003
Rice	48	50	94	99	73	112	85	112	87	100
Sugar	1,632	1,805	1,726	2,036	2,082	1,980	1,388	1,815	1,937	2,000
Olive oil	1,096	692	604	1,139	945	1,465	1,168	1,874	1,754	2,109
Oilseeds	656	1,111	2,028	2,687	2,972	2,674	3,477	3,550	4,132	2,726
Protein plants	216	373	460	587	689	643	835	959	862	728
Fiber plants	108	240	565	306	454	600	580	522	769	717
Fruit and vegetables	1,455	1,231	986	967	708	1,019	1,253	1,107	1,262	1,483
Wine	1,223	921	631	800	1,546	1,148	745	1,048	1,087	1,535
Tobacco	776	863	782	804	966	1,139	1,232	1,330	1,233	1,274
Other measures - crops	52	55	56	44	60	84	85	68	278	279
Total Title I	8,910	9,650	11,322	13,608	14,759	14,011	14,648	17,461	18,858	19,954
<b>Title II: Livestock</b>										
Milk and milk products	5,442	5,933	5,406	5,013	5,915	4,987	4,956	5,637	4,007	5,315
Beef and veal	2,548	2,746	3,482	2,149	2,476	2,429	2,833	4,295	4,414	3,811
Sheep and goatmeat	434	502	617	574	1,294	1,453	1,452	1,790	1,749	1,833
Pigmeat	196	165	152	159	216	261	247	252	142	256
Eggs and poultry	70	63	98	152	194	234	179	169	193	241
Other measures - livestock	--	--	--	--	--	--	--	--	6	150
Total Title II	8,688	9,410	9,754	8,046	10,094	9,363	9,667	12,143	10,511	11,606
<b>Title III: Other</b>										
Non-Annex II products	382	441	503	590	602	552	512	704	700	700
ACAs	--	--	--	18	64	42	37	28	28	25
MCAs	376	190	482	637	505	323	271	131	1	-1
Food aid refunds	--	--	--	259	243	133	86	217	222	198
Interest on prefin.exp.	--	--	--	--	38	49	67	85	86	100
Deprived persons	--	--	--	--	66	133	137	145	130	150
Anti-fraud measures	--	--	--	--	--	--	3	20	23	22
Clearance of accounts	-26	-99	-55	-208	29	-203	-378	-438	79	--
Rural development	--	--	--	--	--	--	--	388	304	432
Total Title III	733	532	929	1,296	1,547	1,028	733	1,280	1,572	1,626
Set-Aside	--	--	--	--	--	3	21	77	148	489
Accompanying measures	--	--	--	--	--	--	--	--	--	182
Total guideline expenditures 8/	18,331	19,591	22,005	22,950	26,400	24,405	25,069	30,961	31,088	33,857
Maximum spending guideline 9/	--	--	--	--	27,500	28,624	30,630	32,511	35,039	36,660
Fisheries guarantee fund	16	16	18	17	47	24	24	26	32	27
Community compensation aid	--	136	114	--	--	--	--	--	--	--
Depreciation of stocks	--	--	--	--	1,240	1,443	1,361	797	800	--
Carryover from previous year	--	--	--	--	--	--	--	602	--	--
Reserves and provisions	--	--	--	--	--	--	--	--	12	109
Income aid	--	--	--	--	--	--	--	4	100	59
<b>Total EAGGF - guarantee</b>	<b>18,347</b>	<b>19,744</b>	<b>22,138</b>	<b>22,968</b>	<b>27,687</b>	<b>25,873</b>	<b>26,454</b>	<b>32,390</b>	<b>32,032</b>	<b>34,052</b>

Totals may not add in some cases due to rounding.

1/ Charged against 1987 budget (Jan. 1, 1987 to Oct. 31, 1987); remainder of year budgeted against 1988.

2/ Charged against 1988 budget (Nov. 1, 1987 to Oct. 15, 1988); remainder of year budgeted against 1989.

3/ Charged against 1989 budget (Oct. 16, 1988 to Oct. 15, 1989); remainder of year budgeted against 1990.

4/ Charged against 1990 budget (Oct. 16, 1989 to Oct. 15, 1990); remainder of year budgeted against 1991.

5/ Charged against 1991 budget (Oct. 16, 1990 to Oct. 15, 1991); remainder of year budgeted against 1992.

6/ Charged against 1992 budget (Oct. 16, 1991 to Oct. 15, 1992); remainder of year budgeted against 1993.

7/ Budget appropriations for 1993.

8/ Expenditures charged against the guideline.

9/ Instituted in 1988.

Source: EC Commission. See appendix table 13 for further breakdown of budgetary spending.

Changes made in the 1993/94 price package also are pushing spending up. The increase in the set-aside payment for producers of arable crops, the failure to cut butter prices by the proposed amount, the increase in the dairy quota, compensation payments to SLOM producers, and the lack of any further limitations on expenditures in the beef sector could significantly increase expenditures for 1993 and beyond.<sup>1</sup> The Commission estimates the financial impact of the price package at 53 million ECU (\$60 million) for 1993, 313 million ECU (\$355 million) for 1994, and 577 million ECU (\$654 million) for 1995. However, most analysts believe that the actual increase will substantially exceed the Commission's estimates. Because the 1993 budget is so close to the guideline, even a modest increase may be sufficient to push spending beyond the ceiling.

Other factors that are contributing to the rise in the 1993 budget include increased aid payments to cotton producers and higher-than-expected expenditures to support intervention in the beef market. The funding allocated for cotton for the whole year had been exceeded by 15 percent by the end of March and by the end of June spending was more than 170 million ECU above the target for that date due to an unexpected rise in production. EC cotton production climbed to 985,000 tons in 1992/93, while the Commission used an estimate of only 880,000 tons in drawing up the 1993 budget. Spending in the beef sector also is running ahead of planned levels due to additional depreciation in the value of meat in intervention storage and an increase in the number of suckler cows and male bovine animals eligible under the premium scheme.

### Budget for 1994 Set at the Guideline

The EC has approved a 1994 total budget for the Community of 70.099 billion ECU (\$79.5 billion), an increase of 7 percent in nominal terms (3.5 percent in real terms) from the 1993 budget of 65.522 billion ECU (\$74.3 billion). The agricultural budget will account for 36.465 billion ECU (\$41.4 billion) in 1994, up more than 7 percent from 1993 appropriations. The budget abides by the financial framework adopted at the Edinburgh Summit as part of the Delors II package.

The 1994 agricultural budget is right at the limit set by the spending guideline. The agricultural spending guideline is linked to the growth rate of GDP in the EC. The EC Budget Commissioner, Peter Schmidhuber, has stated that agricultural spending will likely exceed the guideline in 1994 by over 1 billion ECU (\$1.13 billion). The main factors contributing to the overrun are the same as those for 1993--new compensation payments, currency revaluations, and changes to the 1993/94 price package. If the overrun does occur, the EC would have to tap into its 1 billion ECU monetary reserve to make up the difference. The reserve, originally established as a hedge against fluctuations in the \$/ECU exchange rate, can now also be used to cover the cost of currency revaluations within the Community. If the overruns exceed the 1 billion ECU reserve, the Community would have to solicit additional funds from member states to keep the CAP running. A budget crisis, so soon after CAP Reform, would increase pressure on the EC to further reform its agricultural policy.

### Consumers Continue To Pay Largest Share of Agricultural Support

The heaviest burden to support agriculture in the EC is borne by consumers (table 3.2). EC consumers pay higher prices for the food they purchase because the CAP continues to maintain domestic prices for agricultural products well above world levels and limits lower priced imports. According to figures released by the Organization for Economic Cooperation and Development (OECD), consumer transfers associated with EC agricultural policies amounted to 69.3 billion ECU

<sup>1</sup> SLOM is Dutch for slaughter and herd conversion, an EC program from the 1970's that paid farmers not to produce milk. Those in the program were denied quota rights at the institution of the quota, leading to a series of lawsuits.

Table 3.2: Total support for agriculture

	1987	1988	1989	1990	1991	1992
----Billion ECU----						
<b>European Community</b>						
Transfers from taxpayers 1/	33.1	38.7	37.0	39.3	47.5	51.8
Transfers from consumers 2/	71.7	64.6	58.0	66.1	71.4	69.3
Budget revenues 3/	0.8	0.9	0.8	0.7	0.5	0.6
<b>TOTAL TRANSFERS</b>	<b>104.0</b>	<b>102.4</b>	<b>94.2</b>	<b>104.7</b>	<b>118.4</b>	<b>120.5</b>
<b>United States</b>						
Transfers from taxpayers 1/	44.7	37.4	43.4	34.8	44.1	49.0
Transfers from consumers 2/	27.2	19.3	20.9	21.1	22.2	22.1
Budget revenues 3/	1.2	0.8	0.7	0.7	0.7	0.7
<b>TOTAL TRANSFERS</b>	<b>70.6</b>	<b>56.0</b>	<b>63.7</b>	<b>55.2</b>	<b>65.6</b>	<b>70.4</b>

1/ Includes both EC and member state expenditure.

2/ Defined as the implicit tax on consumers due to market price support including the effect of border policies.

3/ Budget revenues arising from price policies estimated by multiplying the tariff or the price wedge on imports by the difference between consumption and production for the relevant commodities.

Source: OECD, "Agricultural Policies, Markets and Trade: Monitoring and Outlook." Paris. 1993.

(\$78.6 billion) in 1992, nearly 60 percent of the estimated total EC transfers to agriculture of 120.5 billion ECU (\$136.7 billion). EC consumers paid more than three times as much to support farmers in 1992 as did consumers in the United States.

Total transfers to support agriculture in the EC exceeded those in the United States by over 50 billion ECU (\$57 billion) in 1992, according to the OECD estimates. While the level of support provided by EC consumers has declined slightly since 1987 (down 3 percent), transfers from taxpayers have risen 57 percent. These trends are likely to continue under CAP Reform as more of the burden for supporting agriculture is shifted to EC taxpayers.

Total support to agriculture in the EC accounted for 2 percent of gross domestic product in 1992, compared with 1.5 percent in the United States (table 3.3). According to the OECD data, total EC transfers per family of four amounted to 1,400 ECU (\$1,588). This compares to transfers of 1,120 ECU (\$1,270) for a family of four in the United States. EC support on a per hectare basis totaled 870 ECU (\$987) in 1992, more than five times that for the United States.

### **Fraud Raises Agricultural Budget**

More than 1,000 cases of agricultural fraud, totalling 117.8 million ECU (\$134 million), were uncovered by the Commission in 1992. Fraud related to farm support accounted for 44 percent of the total reported for 1992. The most significant fraud cases involved trade in olive oil (369 cases involving 79.5 million ECU), milk products (153 cases involving 7.4 million ECU), cereals (100 cases involving 7.4 million ECU), and beef and veal (95 cases involving 7.6 million ECU). In addition, the Commission announced that it had recently discovered widespread fraud involving intervention stocks of

Table 3.3: Indicators of farm support, 1992

Indicators	U.S.	EC
Share of agricultural transfers in GDP (%)	1.5	2.0
Transfers per family of four (ECU)	1,120	1,400
Transfers per hectare of farmland (ECU)	160	870

Source: OECD, "Agricultural Policies, Markets and Trade: Monitoring and Outlook." 1993.

durum wheat in southern Italy. The cost of this fraud to the EC budget is estimated at an additional 77.7 million ECU (\$88 million).

The Commission admits that the scale of fraud is actually much higher than the figures it is reporting. The Commission stated that it suspects that member states do not report all the cases of fraud that they detect and stressed its dissatisfaction over this issue to the member states. It also revealed that only about 10 percent of the money lost through fraud has been recovered. According to independent experts, the EC is losing around 10 billion ECU (\$11.3 billion) a year from its total budget to fraud and the cases reported by the Commission are just the tip of the iceberg.

### **CAP Reform No Fix for EC Budget**

CAP Reform is a fundamental change in the way support is provided to EC farmers. It shifts some of the burden from consumers to taxpayers and the EC budget. The price cuts and set-aside implemented under CAP Reform should help limit the growth in surplus production for some agricultural commodities, which will help the EC control expenditures for intervention storage and export subsidies. However, the EC now has to allocate significant additional resources to cover new income compensation, set-aside, and other direct payments provided under CAP Reform. Unless the EC can reduce or eliminate these payments over time, CAP Reform will not cut the cost of farm support.

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# Agricultural Income in the EC

*Lower support prices under the first year of implementation of CAP Reform and expected reductions in arable crop production could cause farm income to decline in 1993. However, significantly higher non-price subsidies and reduced input costs for livestock producers will offset all or part of the lower value of crop production. In 1992, sharply lower producer prices for crop products contributed to a 3.5-percent decline in EC farm income. [Mary Anne Normile]*

## CAP Reform Clouds Outlook for 1993 Farm Income

The general program of CAP Reform adopted last year will have its first year of implementation in 1993. Support prices have been cut for a number of commodities, and a set-aside program for arable crops is expected to reduce output of some crops. The price cuts for grains could positively affect the income of livestock producers, as feed costs fall. Higher subsidies in the form of compensatory payments and set-aside payments will help offset the negative effect of price and volume cuts for crops.

## Farm Income Falls in 1992

Agricultural income in the EC fell an estimated 3.5 percent in real terms in 1992, following a 2.3-percent gain in 1991.<sup>1</sup> The 1992 decline was due mainly to falling nominal prices for crop products stemming from large supplies and sharp reductions in producer prices for oilseeds following the change in the oilseed support regime.

Agricultural income reported by the EC is income realized from the production of agricultural products. It is measured by real net value added, which includes revenues from production plus subsidies (defined as direct transfers to agriculture). Intermediate consumption (the value of goods and services used in agricultural production), taxes linked to production, and depreciation (the implicit cost of "wear and tear" on buildings and equipment) are deducted. The EC farm income indicators are expressed on a "per annual work unit (AWU)" basis to account for the changing labor input into the industry. One AWU is equivalent to one person employed full-time in agriculture for 1 year.

## Real Producer Prices Fall

In 1992, agricultural prices fell 9.0 percent in real terms, the largest yearly decline since 1980 (table 4.1). Nominal prices fell 4.6 percent overall, due to large declines in crop prices. Grain support prices fell due to a 3-percent cut induced by the grains stabilizer mechanism in the last full calendar year before implementation of grain support price cuts under CAP reform. Prices received by oilseed producers fell nearly 50 percent as a market organization based on support prices to producers was replaced by direct payments. A bumper crop

of potatoes produced the large drop in the price of potatoes, which do not benefit from price support under the CAP. Prices of animal products rose modestly in nominal terms, but fell in inflation-adjusted terms. Real animal product prices declined for all categories except pigs.

## Real Value of Production Falls Despite Rise in Volume

The nominal value of agricultural production fell 1.8 percent in 1992. In inflation-adjusted terms, the decline was 6.3 percent. The volume of agricultural production rose 2.9 percent from 1991, but the increase was not sufficient to outweigh the effect of falling prices.

A steep drop in the value (nominal) of crop products outweighed a rise in the value of animal production. In 1992, crops accounted for 50.4 percent of the value of agricultural production and animal product's share was 49.1 percent. Oilseeds, potatoes, and grains accounted for the largest declines in the value of crop production. Large increases in the volume of production were led by fresh fruit, wine, potatoes, and sugarbeets, despite production declines for oilseeds and grains. Production of olive oil, not shown in table 4.1, fell nearly 10 percent. Fresh fruit production recovered from the weather-damaged 1991 crop, and wine production returned to a more normal level following the poor 1991 grape harvest.

Higher nominal prices for cattle, sheep, and pigs paced the rise in the value of animal production. The volume of total animal production was stable; it rose for sheep and goats, pigs, and poultry, remained stable for cattle, and fell for dairy and eggs.

Inflation, measured by the gross domestic product (GDP) price index, was highly variable across the EC, ranging from 2.2 percent in Luxembourg to 15.6 percent in Greece (figure 4.1). The total agricultural labor input fell an average 3.7 percent, the same as in 1991. The continued decline in the farm labor force resulted in a smaller decline in the agricultural income indicator per annual work unit than indicated by aggregate agricultural income.

## Intermediate Consumption Lower

The value of intermediate consumption rose 1.2 percent in nominal terms but fell 3.3 percent in real terms. Input prices rose less rapidly than the general rate of inflation, prompting producers to use slightly more inputs. Final agricultural output rose at a faster rate (2.9 percent) than input use (0.2

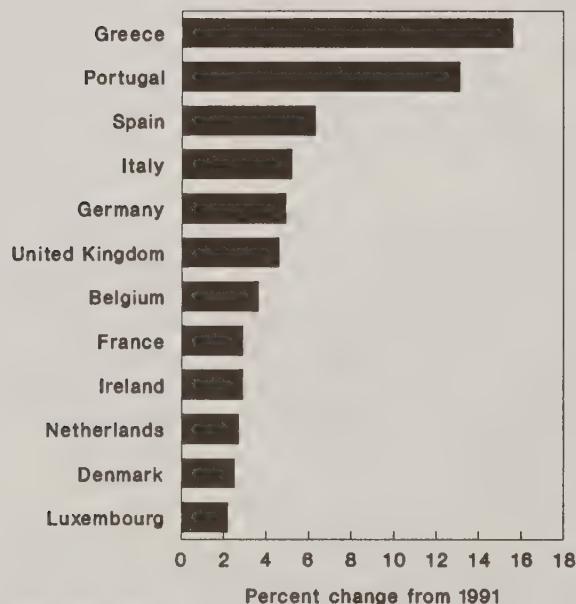
<sup>1</sup> The 1991 figure was revised from an earlier estimate (reported in the 1992 *Western Europe Agriculture and Trade Report*), which showed farm income declining from 1990.

Table 4.1: Change in prices, production, and value of agricultural products, 1992

Commodity	Nominal price	Real price	Quantity produced	Nominal value of production	Real value of production
Percent change					
Crop products	-10.8	-15.2	5.2	-6.1	-10.7
Grains	-5.1	-9.2	-6.3	-11.1	-14.9
Oilseeds	-46.9	-49.1	-7.3	-50.8	-52.8
Sugarbeets	-2.9	-7.1	9.1	5.9	1.3
Fresh fruit	-23.3	-27.6	30.4	0.0	-5.6
Fresh vegetables	-8.6	-13.3	1.8	-6.9	-11.8
Potatoes	-30.9	-34.4	10.6	-23.6	-27.4
Wine	-10.4	-14.2	22.8	10.0	5.4
Animal products	2.3	-2.2	0.5	2.8	-1.7
Cattle	3.5	-0.8	0.5	4.0	-0.2
Pigs	5.2	0.6	2.0	7.3	2.7
Sheep/goats	4.0	-2.6	4.9	9.1	2.1
Poultry	-0.8	-5.2	2.2	1.4	-3.2
Milk	2.0	-2.3	-1.4	0.6	-3.7
Eggs	-5.1	-9.8	-2.0	-7.0	-11.6
Total	-4.6	-9.0	2.9	-1.8	-6.3

Source: Eurostat, Agricultural Income, 1992.

Figure 4.1  
Inflation in EC  
Countries, 1992



Source: Eurostat.

percent), indicating an improvement in the apparent productivity of intermediate consumption in EC agriculture.

#### Cost-Price Squeeze Tightens

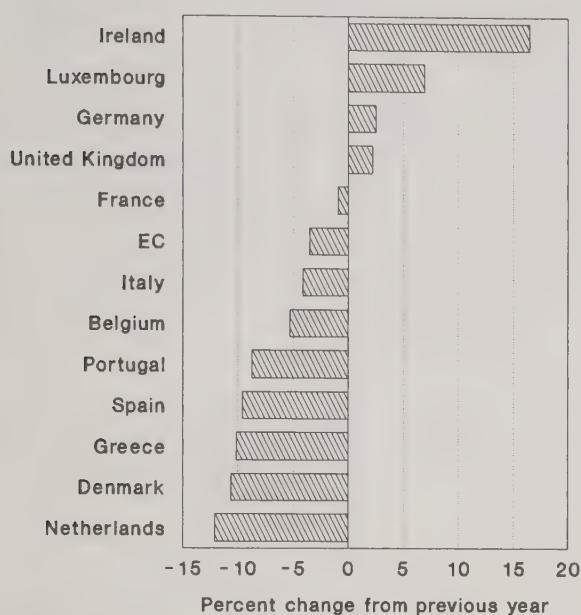
In the short run, the relative movements in prices received by producers and in prices that they pay for their inputs largely determine the behavior of gross margins for agricultural products. In 1992, prices received by farmers fell at a much faster rate (-9.0 percent) than the prices they paid for inputs (-3.5 percent), indicating a worsening in the cost-price squeeze for EC farmers.

#### Member Countries' Performance Mixed

During 1992, change in agricultural income varied widely among EC countries. Agricultural income fell in real terms in most member countries (figure 4.2), with declines of more than 10 percent in the Netherlands, Denmark, and Greece. In these countries, large reductions in real prices and poor harvests that were not offset by higher value of animal production or higher subsidies contributed to the decline. Ireland and Luxembourg registered substantial rises in agricultural income, as reductions in real crop prices were offset by larger production, higher subsidies, and declines in intermediate consumption or in the agricultural labor input. Ireland's agricultural sector is dominated by animal production, which did better overall than the crop sector.

Figure 4.2

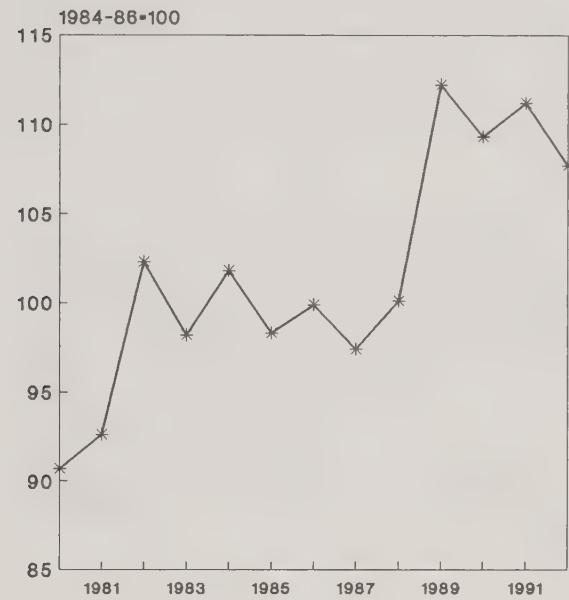
## Change in EC Farm Income, 1992



Source: Eurostat.

Figure 4.3

## EC-12 Real Farm Income Per Annual Work Unit



Source: Eurostat.

### Farm Income Rises Over the Decade

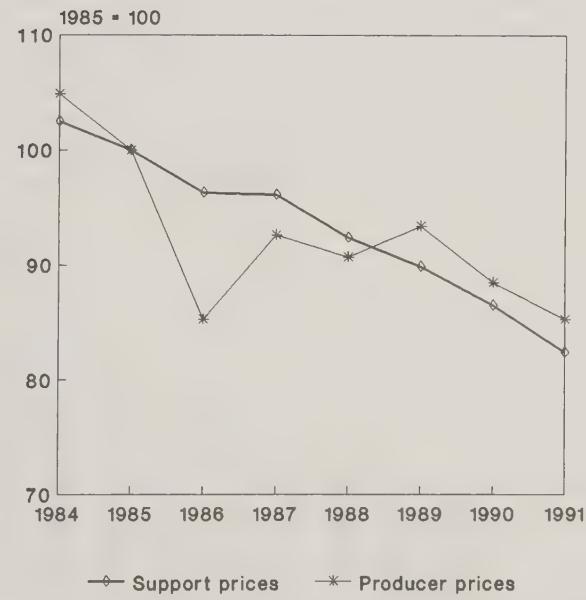
Real farm income in 1989-92 averaged approximately 15 percent above the early 1980s (figure 4.3). The decline in the agricultural labor force more than offset the reductions in producer prices, so that agricultural income, expressed in terms of annual work units, increased from the 1980s.

The downturn in real farm income in 1990 and 1992 is a divergence from the high levels of the late 1980s caused by producer prices rising more slowly than the overall rate of inflation, but more rapidly than the prices of inputs. The cost-price squeeze eased in the late 1980s due to falling input prices, as the mid-1980s decline in energy prices fed through to the prices of fertilizers and pesticides, as well as fuels. The U.S. dollar also weakened relative to its early-1980s levels, affecting the prices of inputs such as energy and feeds that are denominated in dollars.

Producer prices declined over much of the 1980s (figure 4.4). Rising agricultural productivity led to increased production, while consumption of many agricultural products stagnated. Agricultural policy reforms weakened the ability of the intervention mechanism to provide a price floor. The EC introduced restrictive price policies in an attempt to reduce surplus production and limit budget outlays. Producer prices generally followed support prices downward, falling more rapidly than support prices in the mid-1980s, and less rapidly in the later years. In the late 1980s, as agricultural reforms weakened the link between support prices and producer prices, the

Figure 4.4

## Producer and Support Price Indices

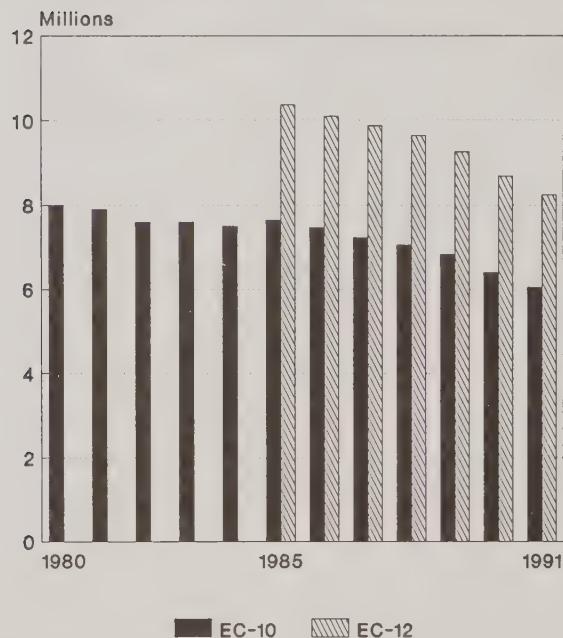


Source: EC Commission.

<sup>2</sup> EC Commission. *Agricultural Situation in the European Community: 1989 Report*.

Figure 4.5

## Employment in EC Agriculture



Source: EC Commission.

Commission concluded that "farmgate prices are more and more coming to reflect the realities of the market and are therefore becoming more sensitive to changes in supply and demand."<sup>2</sup>

The decline of the agricultural labor force over the 1980s is the other element that has had a major impact on the EC's basic indicator of farm income. Employment in EC agriculture fell slowly in the early to mid-1980s, as the recession and poor off-farm employment opportunities slowed the exit of labor from agriculture (figure 4.5). However, the decline of the agricultural labor force accelerated in the mid-1980s with economic recovery.

The EC's indicator of farm income provides a means to measure performance of the sector. It may also indicate pressure on the agricultural sector. It is not, however, a measure of total income of farm households. Because of methodological differences in calculation, direct comparison with measures of U.S. farm income is not straightforward.

Recent declines in farm income have no doubt contributed to EC farmers' resistance to measures set forth in the program of CAP Reform undertaken by the Community. Weak farm income could strengthen farmer resistance to more widespread reforms. Declining farm income could jeopardize the reform process by providing a rallying point for producer groups who oppose implementation of CAP Reform or a possible agreement on agriculture in the GATT negotiations.

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## **U.S.-EC Agricultural Trade**

*Agricultural trade between the United States and the EC expanded in fiscal 1992, as U.S. sales increased just over 6 percent to \$7.2 billion, and imports from the EC grew to \$4.7 billion, or just under 7 percent. The growth in imports from the EC was fairly uniform among all categories. U.S. exports to the EC, by contrast, registered both significant gains and losses. U.S. sales to the EC should increase again in fiscal 1993, as will imports from the EC.*  
[Mary Lisa Madell]

The pattern of U.S.-EC trade indicates EC strength in the export of high-value processed products, such as cheese, biscuits and wafers, pasta, confectionery products, and wine. Despite a sluggish U.S. economy, imports of all of these products increased in fiscal 1992. The greater part of U.S. exports is made up of unprocessed bulk commodities, particularly oilseeds, feed grains, and other feeds and fodders. The EC has become self-sufficient in almost all major agricultural products, except oilseeds. Increased internal supply and the high degree of import protection provided by the CAP have steadily eroded U.S. agricultural exports to the EC.

While agricultural trade accounts for only a small percentage of the total merchandise trade between the United States and the EC, agricultural trade disputes between the two have been disproportionately great in number and acrimony. The long-standing dispute over the EC's oilseeds regime, which was twice found in violation of GATT rules, nearly erupted into a transatlantic trade war in November 1992.

The United States threatened to impose trade sanctions on \$300 million worth of EC exports (chiefly white wine, but also rapeseed oil and wheat gluten) in retaliation for EC refusal to comply with the GATT oilseeds ruling. The sanctions, which made up the first tranche of a total \$1 billion retaliation list, were not put into effect as scheduled on December 5, 1992. The United States and the EC reached agreement on the oilseeds dispute, and on important questions within the GATT negotiations, in the Blair House Accords of November 20, 1992 (see "U.S.-EC Blair House Agreement").

### ***Oilseed Exports Rebound, but Grain Sales Decline Again***

U.S. exports of oilseeds, traditionally the largest single category of exports, increased 35 percent in value in fiscal 1992 to \$2.2 billion (table 5.1). Increases were registered for soybean meal, soybeans, and vegetable oils. The growth in oilseeds and oilseed products occurred because of the EC's new oilseeds regime, which eliminated the preferential treatment previously accorded EC oilseeds.

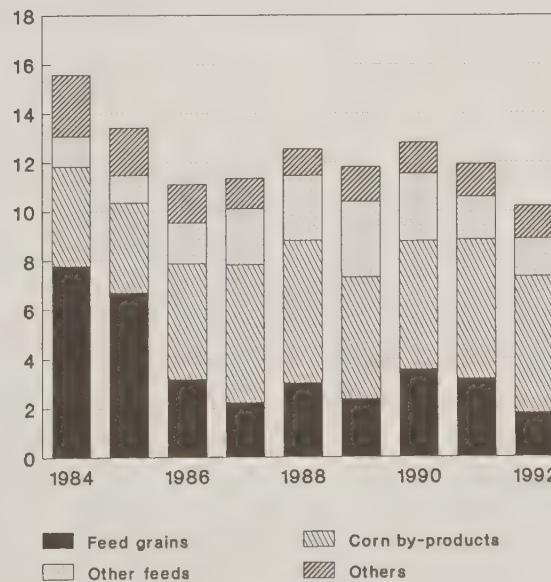
Exports of fruit and preparations (including fruit juices) increased 14 percent, led by higher sales of fresh noncitrus fruits. U.S. exports of apples nearly doubled in value. While U.S. exports of grapefruit declined 14 percent, sales of grapefruit juice and orange juice increased strongly.

U.S. exports of grains and preparations fell 12 percent in fiscal 1992. The decline was experienced in every subcategory, led by a 42-percent fall in feed grains and fodders. Corn sales fell 45 percent from fiscal 1991, when exports were high because of the lower-than-average 1990/91 EC corn crop.

Although exports of U.S. corn byproducts face ongoing customs difficulties at EC ports, fiscal 1992 sales declined less than 1 percent in volume and value. Corn gluten feed has made up an increasingly important part of U.S. grain and feed exports, as sales of feed grains such as corn have declined (figure 5.1). Corn gluten feed exports to the EC benefit from a zero-tariff binding under the GATT, while grain exports face very high import protection. U.S. exports of corn gluten feed grew from 4 million tons in 1984 to 5.6 million tons in 1992.

Exports of rice dropped 8 percent in value, falling for the third year in a row. The EC implemented an area subsidy in

**Figure 5.1**  
**U.S. Exports of Grains and Feeds to EC-12**



Source: U.S. Dept. of Commerce.

Table 5.1: U.S. agricultural fiscal year exports to the EC-12

Commodity	1990	1991	1992	% change		Share of total 1992	October - June		Percent change
				1992/91	---Percent---		1991/92	1992/93	
-----Million dollars-----				----Percent----		--Million dollars--		--%--	
Animal & animal products	656.3	699.3	755.8	8.1	10.5	592.5	477.6	-19.4	
Meats & meat prod	161.3	141.1	140.7	-0.3	2.0	105.3	104.4	-0.9	
Beef & veal-frsh/prep.	9.7	7.3	12.5	72.0	0.2	7.4	16.2	118.8	
Pork-fresh/prep	1.6	2.3	2.9	27.3	0.0	2.4	2.0	-15.4	
Poultry meats-frsh/prep	24.2	33.7	43.2	28.0	0.6	29.8	33.4	12.1	
Grains and preps	1,690.4	1,655.7	1,461.1	-11.8	20.3	1,177.3	1,142.4	-3.0	
Wheat	118.8	82.7	65.2	-21.1	0.9	46.4	46.4	0.1	
Wheat flour	0.3	0.1	0.1	32.3	0.0	0.1	0.5	542.0	
Rice	107.5	88.8	81.9	-7.7	1.1	66.0	73.5	11.3	
Feed grains & prod	405.3	367.6	214.1	-41.8	3.0	199.5	146.9	-26.4	
Feeds,fodder-ex.oilcake	1,017.9	998.6	965.5	-3.3	13.4	761.4	758.5	-0.4	
Fruit & prps(inc.frt.jc)	333.1	385.9	439.1	13.8	6.1	346.7	308.9	-10.9	
Grapefruit	42.4	61.9	53.4	-13.7	0.7	53.1	61.0	15.0	
Raisins	69.5	81.0	81.1	0.2	1.1	55.6	52.0	-6.5	
Nuts and preps	479.7	502.2	589.2	17.3	8.2	450.4	404.3	-10.2	
Almonds	274.4	326.1	333.8	2.4	4.6	243.4	227.4	-6.6	
Vegetables and preps	224.7	304.3	329.4	8.2	4.6	259.1	297.1	14.7	
Pulses	80.5	97.8	84.2	-13.9	1.2	69.4	73.0	5.1	
Oilseeds and prods	1,897.4	1,605.1	2,168.1	35.1	30.1	1,885.1	2,211.0	17.3	
Soybean meal	24.5	32.6	71.7	119.8	1.0	61.5	144.3	134.5	
Soybeans	1,640.8	1,249.3	1,704.3	36.4	23.7	1,521.0	1,782.7	17.2	
Vegetable oils	88.5	107.2	134.3	25.3	1.9	104.3	73.0	-30.0	
Tobacco	587.4	667.1	598.9	-10.2	8.3	507.4	521.9	2.8	
Cotton-ex.linters	454.9	371.4	209.5	-43.6	2.9	183.3	103.2	-43.7	
Others	491.5	584.6	642.6	9.9	8.9	508.3	506.7	-0.3	
<b>TOTAL:</b>	<b>6,815.4</b>	<b>6,775.6</b>	<b>7,193.7</b>	<b>6.2</b>	<b>100.0</b>	<b>5,910.2</b>	<b>5,973.1</b>	<b>1.1</b>	
-----Thousand tons-----				----Percent----		---Thousand tons---		--%--	
Meats & meat prod	71.9	54.7	55.7	1.9	N/A	41.9	38.8	-7.4	
Beef & veal-frsh/prep.	2.1	1.1	2.0	86.6	N/A	1.2	2.3	102.9	
Pork-fresh/prep	0.7	1.5	2.5	68.1	N/A	2.1	1.1	-47.1	
Poultry meats-frsh/prep	25.1	31.5	42.4	34.4	N/A	31.1	29.1	-6.5	
Grains and Preps	12,792.3	11,924.2	10,202.8	-14.4	N/A	8,252.3	7,944.6	-3.7	
Wheat	797.3	642.4	444.3	-30.8	N/A	310.1	299.7	-3.3	
Wheat flour	1.0	0.3	0.4	27.7	N/A	0.3	2.2	764.0	
Rice	355.3	289.3	255.2	-11.8	N/A	202.7	299.4	47.7	
Feed grains & prod	3,570.7	3,291.4	1,808.6	-45.0	N/A	1,697.7	1,311.6	-22.7	
Feeds,fodder-ex.oilcake.	7,985.0	7,417.2	7,104.1	-4.2	N/A	5,591.6	5,625.7	0.6	
Nuts and preps	349.0	283.1	368.7	30.2	N/A	288.4	257.1	-10.8	
Oilseeds and prods	7,971.9	6,802.2	9,577.2	40.8	N/A	8,315.1	10,192.2	22.6	
Soybean meal	124.4	165.9	352.5	112.4	N/A	296.9	705.5	137.6	
Soybeans	7,392.1	5,525.8	7,752.1	40.3	N/A	6,905.7	8,174.4	18.4	
Vegetable oils	126.9	131.3	196.5	49.7	N/A	153.9	104.8	-31.9	
Tobacco	95.6	107.4	95.7	-10.9	N/A	80.5	83.0	3.2	
Cotton-ex.linters	265.2	209.0	129.0	-38.3	N/A	111.7	67.1	-39.9	

Source: U.S. Dept. of Commerce

Table 5.2: U.S. agricultural fiscal year imports from the EC-12

Commodity	1990	1991	1992	% change 1991/92	Share of total 1992	October - June		Percent change	
						1991/92	1992/93		
-----Million dollars-----				----Percent----		--Million dollars--		--%--	
Animal & animal products	1,047.2	955.4	951.2	-0.4	20.1	684.7	709.2	3.6	
Meats & meat prod	341.3	366.5	245.5	-33.0	5.2	186.1	196.3	5.5	
Beef & veal-frsh/prep.	0.6	0.6	1.9	199.0	0.0	0.9	0.3	-69.8	
Pork-fresh/prep	309.9	333.4	218.7	-34.4	4.6	165.9	178.5	7.6	
Dairy products	525.3	404.0	486.7	20.5	10.3	332.5	361.8	8.8	
Cheese	252.6	240.2	263.4	9.7	5.6	198.0	217.8	10.0	
Casein & mixtures	258.8	152.0	207.9	36.8	4.4	125.5	133.1	6.1	
Grains and feeds	268.4	289.6	313.1	8.1	6.6	213.5	253.9	18.9	
Biscuits & wafers	138.1	138.6	146.4	5.6	3.1	95.5	101.7	6.5	
Pasta & noodles	58.4	69.1	78.1	13.0	1.6	56.2	63.6	13.1	
Fruit & prps(inc.frt.jc)	148.5	157.3	185.7	18.0	3.9	170.8	131.5	-23.0	
Fruit-prep/pres	77.6	66.8	87.4	30.8	1.8	74.5	50.0	-32.8	
Fruit juices	65.9	71.2	98.2	37.9	2.1	89.9	72.3	-19.6	
Nuts and preps	19.7	31.1	20.7	-33.2	0.4	19.7	9.6	-51.1	
Vegetables and preps	410.9	395.5	418.8	5.9	8.8	311.8	316.9	1.6	
Olives	132.9	132.5	141.7	7.0	3.0	105.7	108.7	2.8	
Tomatoes incl paste	38.4	25.3	23.6	-6.8	0.5	16.4	16.1	-1.6	
Oilseeds and prods	240.2	278.5	294.5	5.8	6.2	225.5	232.4	3.1	
Olive oil	180.1	214.8	226.5	5.5	4.8	165.9	180.5	8.8	
Sugar & related prods	114.5	117.4	155.0	32.1	3.3	107.4	102.4	-4.7	
Confectionery prods	97.8	111.5	149.4	34.0	3.2	103.1	100.2	-2.8	
Beverages-ex fruit juice	1,395.5	1,382.7	1,498.7	8.4	31.7	1,093.3	1,076.1	-1.6	
Wine	866.0	862.2	984.0	14.1	20.8	722.9	672.1	-7.0	
Malt beverages	507.7	504.2	499.6	-0.9	10.6	360.0	395.7	9.9	
Flowers, nursery stock	165.1	159.8	172.5	8.0	3.6	108.7	112.5	3.5	
Coffee	54.2	60.9	66.8	9.8	1.4	53.0	51.9	-2.0	
Cocoa	175.0	148.4	150.4	1.3	3.2	106.9	124.1	16.1	
Other	412.0	457.9	505.3	10.3	10.7	361.6	423.5	17.1	
<b>TOTAL:</b>	<b>4,451.3</b>	<b>4,434.5</b>	<b>4,732.8</b>	<b>6.7</b>	<b>100.0</b>	<b>3,456.9</b>	<b>3,544.0</b>	<b>2.5</b>	
-----Thousand tons-----				----Percent----		---Thousand tons---		--%--	
Meats & meat prod	109.8	116.6	80.4	-31.1	N/A	60.7	67.5	11.1	
Beef & veal-frsh/prep	0.3	0.2	0.9	424.8	N/A	0.4	0.1	-80.4	
Pork-fresh/prep	98.0	103.7	70.0	-32.5	N/A	53.0	60.9	14.8	
Cheese	74.8	66.6	71.1	6.8	N/A	54.0	59.7	10.5	
Casein & mixtures	54.4	40.7	50.9	25.0	N/A	32.2	28.9	-10.0	
Grains and feeds	212.7	212.2	234.8	10.7	N/A	168.7	194.2	15.1	
Biscuits & wafers	48.3	45.4	46.0	1.4	N/A	30.9	30.4	-1.6	
Pasta & noodles	82.7	86.2	91.9	6.7	N/A	66.3	75.7	14.1	
Fruit-prep/pres	76.6	54.6	69.2	26.8	N/A	60.1	45.3	-24.6	
Fruit juices (HL)	2,628.6	2,294.2	2,244.1	-2.2	N/A	2,059.7	2,257.4	9.6	
Olives	62.5	57.6	60.7	5.3	N/A	46.2	43.4	-6.1	
Tomatoes incl paste	35.3	26.8	19.9	-25.8	N/A	14.7	17.5	19.0	
Beverages (HL)	7,745.6	6,950.3	7,164.8	3.1	N/A	5,171.8	5,290.9	2.3	
Wine (HL)	2,397.3	2,031.8	2,225.6	9.5	N/A	1,620.2	1,485.2	-8.3	
Malt beverages (HL)	5,042.4	4,704.4	4,717.1	0.3	N/A	3,409.7	3,693.7	8.3	
Oilseeds and prods	173.3	179.5	195.9	9.1	N/A	164.7	153.1	-7.1	
Olive oil	89.4	95.0	96.7	1.8	N/A	70.3	89.5	27.2	
Confectionery prods	41.8	43.4	56.4	30.0	N/A	39.3	37.7	-4.2	

Source: U.S. Dept. of Commerce.

1988 to encourage production of the Indica variety of long-grain rice, which competes with U.S. rice. The subsidy was originally set at 300 ECU (\$411) per hectare, and has been reduced to 100 ECU (\$137) per hectare in the 1993/94 marketing year. The program has been effective in expanding production of long-grain Indica rice in Italy, Spain, and France.

### ***Continued Growth in U.S. Imports from EC***

Imports from the EC grew for most categories in fiscal 1992, with declines occurring for products affected by U.S. retaliatory trade measures (table 5.2). A 33-percent drop in imports of meats and meat products resulted from 34 percent lower pork purchases. The decline reflected U.S. retaliation for a ban on its pork sales to the EC. Imports of tomatoes, including paste, have dropped since 1989 when the U.S. imposed duties in retaliation for the EC's ban on hormone-treated meats.

Imports of nuts and preparations from the EC dropped 33 percent from fiscal 1991 levels. The largest decline was the 56-percent drop in cashew nuts. U.S. imports from competing suppliers, especially in Latin America, offset the decline in purchases from the EC. Imports of dairy products increased 21 percent in fiscal 1992, as cheese imports rose 10 percent and casein rebounded 37 percent from the previous year's decline.

### ***Trade Forecast To Grow Again in 1993***

Agricultural imports from the EC are expected to increase again in fiscal 1993, and U.S. exports to the EC will increase slightly. Higher exports of oilseeds and products in fiscal 1993 are expected to be an important part of the overall increase. Reduced availability of EC-produced oilseeds will allow greater U.S. soybean sales to the EC, and soybean meal exports should continue to recover from the low levels of 3 years ago.

EC demand for imported soybeans has risen due to the decline in EC oilseed production, the result of the new oilseed policy and the 1992 drought in northern Europe that reduced rapeseed yields. In the first part of the 1992/93 marketing year, producers withheld rapeseed from the domestic market because of low prices. Rapeseed exports from the EC, chiefly to Japan, Mexico, and Scandinavia, were record high as importers

sought new sources of high-quality rapeseed to replace reduced supplies from Canada. Both factors created shortages of rapeseed for EC crushers. Some who normally crush rapeseed converted their operations to soybeans.

Many of the same factors will influence total EC demand for imported vegetable oils: lower EC production of oilseeds, and much-reduced domestic crush of rapeseed. Because the largest decline in domestic oilseed production occurred in rapeseed, a high-oil-content seed, some of the EC's shortfall will be made up through increased imports of vegetable oil. However, U.S. vegetable oil exports have not kept pace with the increase in total EC oil imports. The high price of U.S. cottonseed oil has reduced sales to the EC to almost zero.

U.S. exports of grains and feeds in fiscal 1993 will not change much from the previous year. The U.S.-EC Enlargement Agreement, under which the EC agreed to allow annual imports of 2 million tons of corn and 300,000 tons of sorghum into Spain, remains the chief factor influencing U.S. sales. Part of the Blair House Accords between the United States and the EC in November 1992 will expand the agreement to allow annual imports of 500,000 tons of corn into Portugal. This should allow U.S. exports of corn and sorghum to maintain the levels that have prevailed under the agreement.

The rapid growth of turkey exports has contributed to the strong showing of poultry products in U.S. exports to the EC. Exports of poultry and poultry products have increased steadily, and rose 12 percent in the first three quarters of fiscal 1993. Growth in U.S. chicken exports should continue next year as well. However, the extension of the CAP to the Canary Islands in January 1992 will likely reduce U.S. poultry exports to that Spanish territory. Egg exports are expected to remain around last year's level of \$14.5 million.

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## Grains

*Despite the introduction of CAP Reform measures that reduced grains prices and included a set-aside program, production of wheat and coarse grains will decline only slightly in 1993. The recovery of yields in parts of northern Europe from last year's drought-depressed levels partially offset the decline in area brought about by the new arable crops regime.*

[Mary Lisa Madell]

Production of wheat and coarse grains by the EC-12 is forecast down 2 percent in 1993/94 to 163.8 million tons from 166.9 million the preceding year. Lower grain production results largely from the EC's new arable crops regime, which includes a quasi-optimal set-aside requirement for larger farmers. Continued drought conditions in Spain and Portugal will cut area and yields, especially for corn.

The reduction in output is less than the cut in area would indicate. Total wheat (common and durum) area fell about 8 percent, and coarse grain area declined 7 percent. Yield increases offset part of the area decline. The reduction in grain area was less than the EC Commission had anticipated, as producers shifted out of other arable crops into grains. The large drop in total wheat area includes a sizable decline in durum wheat area, particularly in France. Under the new arable crops regime, more coarse grain than common wheat area will be removed from production.

EC support prices for grains fell an average of 22 percent for the 1993/94 marketing year. Support prices for oilseeds and protein crops have been eliminated. All grains (except rice) now receive the same price, where previously prices differed for breadwheat and corn compared to feed wheat and barley. Producers may receive direct per hectare payments to compensate them for the income loss resulting from lower prices. The compensatory payments for oilseeds or protein crops are higher than those for grains.

To qualify for direct payments, larger producers (those applying for payments for arable crops area capable of producing more than 92 tons of grains at average regional yields) are required to set aside part of their area. Smaller producers who wish to receive the higher oilseeds or protein crops payments would also be required to idle land. For 1993/94, the set-aside rate was set at 15 percent.

### CAP Reform Set-Aside Reducing EC Grains Area

The new set-aside requirement has reduced area planted to grains. The reduction in EC total grain area against 1991/92 is estimated at just over 6 percent, with the largest drops in the United Kingdom, Spain, and Denmark, and the smallest in Italy and Greece (table 6.1). Grain area in the Netherlands actually expanded. The variation among member states reflects differences in farm structures. Because only larger farmers are required to idle land to qualify for compensatory payments, member states with many small farms will have relatively little land set aside. According to the EC's most recently published survey of farm structures, the average agricultural area of a general field-cropping farm in the United Kingdom was 108 hectares. By contrast, the average was only 6 hectares for Italy, and only 5 hectares for Greece.

Other factors play a role in the variation among member states. The reduction in area in Germany, for example, was below the EC average. An estimated 42 percent of German grain area is on smaller farms exempt from the set-aside requirement. Substantial German participation in previous set-aside

Table 6.1: Estimated EC grains area, 1993

	Common wheat	Change from 1992 %	Barley	Change from 1992 %	Corn	Change from 1992 %	Other Grains	Change from 1992 %	Total Grains	Change from 1992 %
Belgium 1/	1,000 ha	%	1,000 ha	%	1,000 ha	%	1,000 ha	%	1,000 ha	%
Denmark	193	-11.9	81	-10.0	11	10.0	34	25.9	319	-7.8
Germany	610	5.0	750	-15.9	-	--	100	-15.3	1,460	-8.2
Greece	2,407	-7.4	1,141	-6.5	306	3.4	2,385	96.8	6,239	-4.2
Spain	307	-7.5	166	-2.9	192	-9.0	694	2.5	1,359	-2.3
France	1,474	-11.7	3,678	-8.3	309	-21.2	1,160	-0.6	6,621	-8.5
Ireland	4,546	-3.2	1,575	-12.3	1,779	-4.5	697	-23.7	8,597	-7.3
Italy	70	-24.7	230	9.0	--	--	17	-22.7	317	-2.8
Netherlands	918	-7.1	408	-9.3	964	10.4	1,633	-3.1	3,923	-1.9
Portugal	128	0.8	38	11.8	10	-9.1	15	15.4	191	3.2
UK	256	-12.0	66	-7.0	105	-18.0	257	8.0	684	-7.3
Total EC-12	1,794	-13.2	1,212	-6.6	--	--	112	-9.7	3,118	-10.6
	12,711	-7.0	10,455	-8.5	3,676	-2.9	5,986	-3.4	32,828	-6.4

'--' indicates none or negligible.

1/ Includes Luxembourg.

Source: Home Grown Cereals Authority, from national estimates and EC Commission.

programs also explains why the area decline is modest. Area entered into either the 5-year or 1-year set-aside programs could be set aside under the new arable crops regime. Germany, with 787,692 hectares in the two programs in 1991/92, accounted for nearly 40 percent of the EC total.

Delayed participation in the professional producer scheme also affected the area removed from production. Larger Dutch producers may opt not to participate in the set-aside in the first years of the reform when the price cut and the compensation payment are smaller. In addition, many farmers in the Netherlands produce cereals as a break crop for potatoes, which are not considered part of arable crops area. Their eligible area is therefore less than their total area, putting them in the small producer category.

### **Greater Area Reduction for Coarse Grains**

The area set aside under the new arable crops regime likewise varies according to the type of grain. The set-aside requirement applies to a farmer's arable crops area, which is defined as that planted to grains, oilseeds, or protein crops. Individual producers decide how to divide the set-aside among their eligible crops. The reduction in area has affected coarse grains more than common wheat.

Farmers are more willing to remove coarse grains, particularly barley, from production because their yields are lower than for common wheat. Lower relative returns for barley versus wheat encouraged a long-term shift out of barley, that has intensified under CAP Reform. The new arable crops regime allows the use of a separate yield for calculating compensatory payments for corn. In those regions where separate corn yields are used, a separate base area for corn must also be established. This entails a corn-specific set-aside requirement. The large declines in corn area in Greece, Spain, and Portugal, however, result from continued drought, which favors planting sunflowerseed over corn.

A single intervention quality standard for wheat took effect at the beginning of the 1993/94 marketing year. Only wheat meeting the "common wheat" quality standards is eligible for intervention. Because feed wheat varieties generally cannot meet the quality standards, intervention support for feed wheat may not be provided. The Grains Management Committee has stated that the Commission would take action under regulations allowing special intervention measures if the feed wheat price were to drop to levels that disturbed the bread wheat or feed barley markets.

### **Small Modifications to Arable Crops Regime**

A few modifications of the new arable crops regime were adopted as part of the 1993/94 price package in June 1993. The most important of these was the increase in the set-aside payment starting in 1994/95. The payment for 1993/94 was 45 ECU (\$62) per ton--equal to the grain payment in 1995/96, the final year of the Reform. At EC average regional yields, the per hectare payment was 207 ECU (\$283). The Council increased the set-aside payment to 57 ECU (\$78) per ton, which, at EC average regional yields for an estimated 4.3 million hectares set aside, will add 237 million ECU (\$269) to agricultural spending.

### **Price Adjustments**

For EC grain to be competitive on world markets, the EC must offset the difference between high internal prices and world prices. The EC Commission has four ways to do this: standing refunds, export subsidies for open market sales, reduced-price sales from intervention, and food aid. Standing refunds are fixed-amount export subsidies set by the Commission for exports to traditional markets in non-EC Western Europe. Exporters can also submit bids for commercial exports from intervention stores or from the open market, or for food aid. Most of the EC's wheat and coarse grains exports have tended to come from the open market. High levels of intervention stocks in recent years have increased the emphasis on exports from intervention stocks.

All EC grain exports must be licensed, and the type of license depends on the source of the grain. Exporters who want to sell open market grain submit bids for licenses, stating the quantity they wish to sell and the desired refund. Tenders for exports from intervention stores are initiated by the member state intervention agencies and approved by the Commission. Exporters state the purchase price they wish to pay; the export refund is implicit.

Food aid exports may be sourced from either the open market or intervention. Exporters tender for a specific quantity and shipment from a particular port. The invitation to tender specifies transport costs from the store to the port, the f.o.b. loading costs, c.i.f. charges, and other costs.

The introduction of the nonrotational set-aside option, and the special nonrotational set-aside rate for the United Kingdom and nitrate-sensitive areas (see "CAP Reform Implementation") should increase the area set aside in coming years. However, nonrotational set-aside is likely to be less of a constraint on production. Under a nonrotational program, farmers can remove their least productive or most difficult to cultivate area from production permanently. The average yield on the farm is therefore higher than previously.

A number of devaluations of member state currencies, which began with the departure of the U.K. pound and Italian lira from the Exchange Rate Mechanism in September 1992, necessitated a 1.3-percent decrease in administered prices (see "New Agrimonetary System Promotes Free Trade Within EC"). The strong currency countries (Germany and the Netherlands) pressed to limit this reduction, but their position was rejected by the Commission. Unlike the ECU policy prices, the compensatory and set-aside payments will not be reduced. As part of the 1993/94 price package, the monthly increments for grains were reduced to 1.425 ECU (\$2) per ton (table 6.2).

Although intervention prices were reduced by an average of 22 percent on July 1 according to the CAP Reform schedule, the threshold prices, except for oats, were not reduced until

September. July and August 1993 threshold prices for common wheat, barley, rye, and durum wheat were fixed at 1992 levels. The delay was designed to protect prices on EC markets, which remain without direct support until intervention opens in August in the southern member states and November in the north.

### **Record Intervention Stocks Spur Higher Exports**

EC intervention purchases played a major role in grain markets in 1992/93. Farmers anticipated the initial reduction in EC cereal prices that went into effect on July 1, 1993, and were unwilling to hold large private stores of grain. Intervention stocks, which began the marketing year at a record high 26.5 million tons, reached a new record of 33.2 million tons by June 30, 1993 (tables 6.3 and 6.4).

Most grain taken out of intervention stocks is destined for the world market. Exports of wheat increased slightly in 1992/93, to 22 million tons, while coarse grain exports fell slightly to 10.2 million tons. A drop in exports is forecast for both wheat and coarse grains in 1993/94, as a result of lower EC production under CAP Reform. Wheat exports are expected to drop to 21 million tons, and coarse grain sales to fall to 9.5 million tons.

To reduce its high intervention stocks, the Commission launched an aggressive campaign of exports out of intervention stocks in late 1991/92 and in the first half of the 1992/93 marketing year. Large sales out of intervention tended to depress market prices inside the EC. With prices near or below buying-in levels (the effective support price), large quantities of grain entered EC storage after intervention opened in November in the north.

In January 1993, the Grains Management Committee opted to close wheat intervention export tenders in France and Germany until the end of March. Thereafter, the grain export market was focused on open market sales. Figures 6.1 and 6.2 indicate the change in the types of EC grain export licenses during the 1992/93 marketing year, indicating the shift to open market sales after the closing of intervention export tenders.

Sales from intervention regained importance during the last month of the 1992/93 marketing year, because very little grain was available on the open market. The Commission is continuing last year's pattern in 1993/94: substantial intervention export tenders have been opened, and open market sales have been turned down.

Exports to the former Soviet Union made up an important part of EC third-country exports in 1992/93. Most of these sales were possible because of credit guarantees and loans from the EC and individual member states. In November 1992, the Commission approved contracts to ship grains to Ukraine, Belarus, Georgia, and Moldova under a 1.25 billion ECU (\$1.42 billion) medium term loan for the former Soviet Union. Grain shipments to the Russian republic, in particular, faced a number of difficulties as a result of changing world prices and concerns about Russian creditworthiness.

Table 6.2: Policy prices and payments for grains

	1993/94	1994/95	1995/96
-----ECU/ton-----			
Basic intervention price	115.49	106.60	98.71
Threshold price	172.74	162.87	153.00
Target price	128.32	118.45	108.58
Grains payment 1/	25.00	35.00	45.00
Set-aside payment 1/	45.00	57.00	57.00
Monthly increment 2/	1.43	N/A	N/A
Durum wheat payment 3/		297.00	297.00
		297.00	297.00

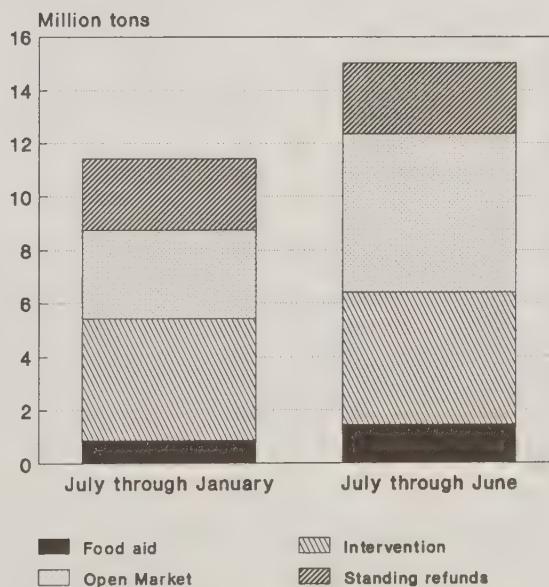
N/A = not available.

- 1/ Payments are made on a per-hectare basis, based on the average regional grains yield.
- 2/ Monthly increments are applied from November to May inclusive.
- 3/ Per hectare. This supplementary payment is available to durum wheat producers in specified traditional producing areas.

Source: EC Commission.

Figure 6.1

### **EC Wheat Export Licensing 1992/93 Marketing Year**



Source: Home Grown Cereals Authority

Among the EC member states, France has provided the greatest export credit assistance to the former Soviet Union through its semi-governmental export financing company COFACE. A 2.2-billion franc credit guarantee signed in April 1993 also encountered problems because of price changes and delays in financing. A month later, some of the approximately 2.5 million tons of wheat and barley covered by the credit had

Table 6.3: EC grain intervention balance sheet by product, 1992/93 1/

	Total bread & feed wheat	Bread wheat	Feed wheat	Durum wheat	Barley	Total rye	Bread rye	Feed rye	Corn 2/	Sorghum	Total Grain
-----1,000 tons-----											
1. Opening stocks	10,977	10,782	196	4,165	7,322	3,564	2,726	838	488	0	26,516
2. Quantities accepted	8,515	8,288	227	836	4,199	442	351	91	2,369	135	16,497
3. Quantities sold	6,494	6,420	74	1,609	3,344	1,595	1,210	385	148	0	13,189
A) Internal market	377	315	62	531	333	59	28	31	54	0	1,354
B) Exports	5,958	5,947	11	746	2,972	1,534	1,180	354	94	0	11,303
C) Food aid	137	136	1	81	25	0	0	0	0	0	243
D) Losses	22	21	0	251	14	3	3	0	--	0	289
4. Gross balance (1+2-3)	12,999	12,650	348	3,392	8,177	2,410	1,866	544	2,710	135	29,823
5. Quantities committed	1,950	1,946	4	0	1,860	810	510	300	2	0	4,622
A) Internal market	424	424	0	0	35	10	10	0	2	0	471
B) Exports	1,526	1,522	4	0	1,824	800	500	300	0	0	4,151
C) Food aid	0	0	0	0	0	0	0	0	0	0	0
6. Net balance (4-5)	11,048	10,704	344	3,392	6,318	1,600	1,357	244	2,708	135	25,201
7. Quantities under offer	2,256	2,120	136	0	568	52	44	8	470	12	3,359
8. Total (4+7)	15,254	14,770	485	3,392	8,746	2,463	1,910	552	3,180	147	33,182

-- = less than 500 tons.

1/ EC-12 including former east Germany.

2/ Does not include 48,016 tons French corn offered for extended intervention for corn.

Source: EC Commission.

Table 6.4: EC grain intervention balance sheets by country, 1992/93 1/

Total Grains	Belgium	Denmark	France 2/	Germany	Greece	Ireland	Italy	Lux.	Neth	Port.	Spain	U.K.	EC-12
-----1,000 tons-----													
1. Opening stocks	278	859	7,597	11,523	615	92	2,881	3	0	136	1,791	742	26,516
2. Quantities accepted	276	850	7,593	5,387	609	160	322	0	0	--	151	1,149	16,497
3. Quantities sold	227	377	5,446	4,439	354	66	904	1	0	136	913	324	13,189
A) Internal market	0	0	149	139	156	0	371	0	0	135	403	2	1,354
B) Exports	182	346	5,260	4,231	142	66	266	1	0	0	487	322	11,303
C) Food aid	45	30	38	45	53	0	9	0	0	2	22	0	243
D) Losses	0	2	0	25	3	0	258	0	0	0	1	--	289
4. Gross balance (1+2-3)	327	1,332	9,743	12,470	870	186	2,298	1	0	--	1,029	1,567	29,823
5. Quantities committed	0	180	1,159	2,786	0	50	35	0	0	0	2	410	4,622
A) Internal market	0	30	241	163	0	0	35	0	0	0	2	--	471
B) Exports	0	150	917	2,623	0	50	0	0	0	0	0	411	4,151
C) Food aid	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Net balance (4-5)	327	1,152	8,584	9,685	870	136	2,263	1	0	--	1,027	1,157	25,201
7. Quantities under offer	0	255	2,322	532	0	76	0	0	0	4	0	170	3,359
8. Total (4+7)	327	1,586	12,065	13,002	870	262	2,298	1	0	4	1,029	1,737	33,182

-- = less than 500 tons.

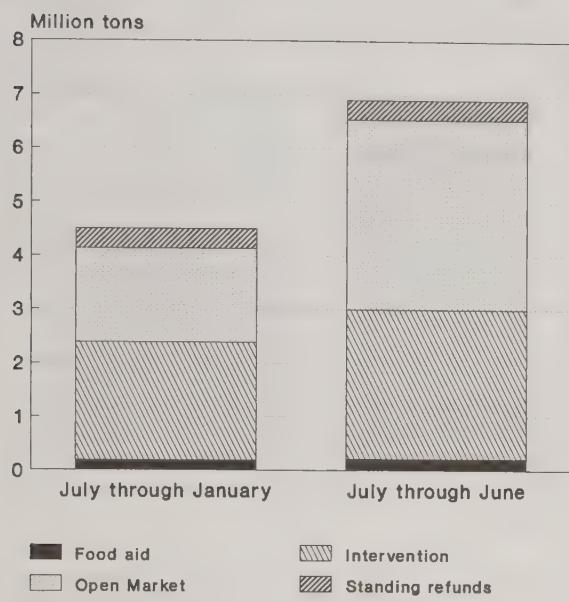
1/ Includes former East Germany.

2/ Excludes 48,016 tons corn offered for extended intervention for corn.

Source: EC Commission.

Figure 6.2

## EC Barley Export Licensing 1992/93 Marketing Year



Source: Home Grown Cereals

not yet been shipped. Future grain sales to the former Soviet republics will depend heavily on the availability of credits from the EC and individual member states.

Exports of corn and rye were up sharply in 1992/93 over the previous year. A bumper corn crop in France, the EC's main

corn producer, has led the EC Commission to increase substantially its subsidized exports of corn. Rye exports also increased markedly, as intervention stores reached very high levels. The Commission also agreed to extend the intervention period for corn by a month to June, because of the large supplies.

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## Oilseeds

*EC oilseed output fell again in 1993 due to changing competitive conditions resulting from the new arable crops regime and poor weather at planting time. Lower grain prices may reduce demand for oilseeds and meal despite higher pork and poultry production. Oilseed imports are expected to decline slightly from the high 1992/93 levels. The United States and the EC concluded the long-standing oilseed dispute with an agreement that establishes a separate base area for EC oilseeds. EC 1994 oilseed area and output could rise despite the limits implied by the agreement. [Mary Anne Normile]*

### 1993 Production Down, May Rise in 1994

EC oilseed production is estimated at 11.4 million tons for 1993, down from 11.7 million tons last year. Oilseed producers responded to changing incentives brought about by the restructuring of support programs for arable crops under the general reform of the Common Agricultural Policy (CAP) that took effect with the crop harvested in 1993. Weather factors were also significant: rapeseed area fell because of unfavorable conditions at planting time, and Spanish producers expanded sunflowerseed acreage to replace more drought-sensitive crops.

In 1993, the EC supported oilseed producers with payments based on area planted to oilseeds. In addition to the area payment, producers receive world market prices for their oilseed sales. Prices received by oilseed producers fell by approximately 50 percent from 1991 levels, although some of the income loss was made up by direct producer payments.

The EC oilseed crop harvested in 1993 came under the new comprehensive CAP reform regime. Many of the provisions of the 1992 revised oilseed regime remain in effect. The main difference under the new regime is the requirement that oil-

seed producers set aside part of their arable land base--15 percent in 1993--in order to receive the oilseed compensatory payment. The set-aside requirement, which is not crop-specific, did take some land out of oilseed production. Small producers, who are not required to set aside land, receive the smaller grains payment for growing higher cost oilseeds, and were also likely to shift acreage out of oilseeds.

EC oilseed production could recover in 1994. World oilseed prices will likely rise with higher soybean prices expected as a result of flooding in the midwestern United States. Next year, EC support prices for grains will be reduced again, which could make oilseeds more attractive to EC producers. Under the terms of a U.S.-EC agreement, to be implemented in 1994/95, the compensatory payment for oilseed producers will be cut if oilseed acreage exceeds the agreed-to limit on the separate oilseed base area. However, rising prices could mean that the payment, which declines with large increases in oilseed prices, will be a smaller part of oilseed producers' total compensation.

#### **Sunflowerseed Up, Soybeans Fall, Rapeseed Unchanged**

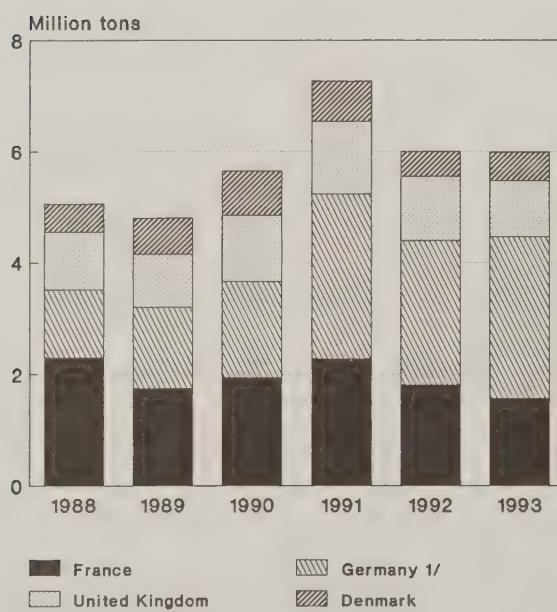
The 1993 EC rapeseed crop is expected to be 6.1 million tons, unchanged from last year. Last year's crop was reduced largely due to the drought's effect on yields (figure 7.1). This year, area planted declined, but yields recovered. The trend toward reduced inputs, and an increased share of lower yielding spring rapeseed, may prevent yields from returning in the near term to the high levels of the late 1980s and 1991. Area planted to rapeseed fell to 2.14 million hectares, a 4-year low, with significant declines in France (-18 percent) and the United Kingdom (-10 percent). Wet planting conditions in the fall led to sharply reduced winter rapeseed sowings in the

U.K., while French producers turned to more profitable pulses. Area declined by an estimated 2 percent in Germany, as producers shifted to more profitable grains.

Sunflowerseed output for 1993 is expected to be 4.2 million tons, 4 percent over 1992 (figure 7.2). A large decline in output in France was offset by a surge in Spanish sunflowerseed production. Producers in France, discouraged by last year's low yields and expecting higher returns from grains and peas, reduced sunflower plantings by about 20 percent to 790,000 hectares. The new set-aside requirement for arable crop producers has also taken land out of sunflowers in France. Spanish sunflower plantings surged to 1.7 million hectares, largely in response to the extended drought. While late spring rains came in some areas, low water reserves for irrigation led many producers of rice, durum, cotton, and corn to shift to drought-resistant sunflowers. Oilseed returns in 1993 and 1994 for Spanish and Portuguese producers are protected during the transition period following accession. As a result, sunflowerseed producers in Spain receive higher compensatory payments until 1995, and sunflowerseed cultivation remains attractive.

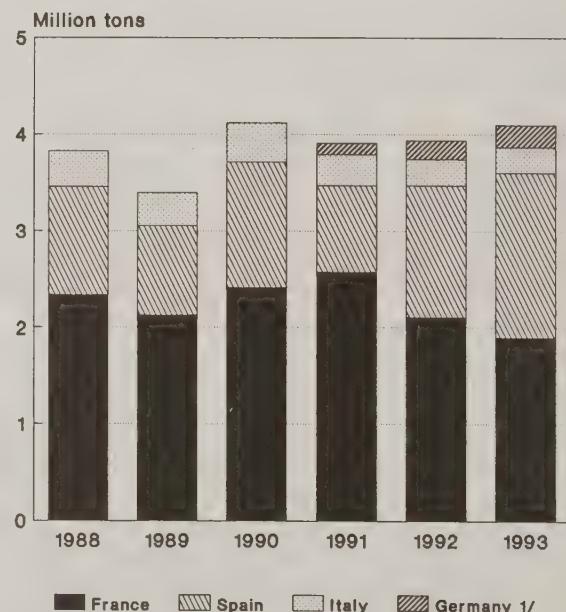
Soybean production is expected to drop by 38 percent to approximately 723,000 tons from 1.16 million tons last year (figure 7.3). Most of the decline occurred in Italy, where area planted fell to 180,000 hectares from 360,000 last year. The change in the oilseed regime that prevents producers from collecting payments on double-cropped soybeans has removed much of the incentive for growing soybeans in Italy, where double-cropping accounted for between one-fourth and one-third of all soybean acreage. Soybean area and production in France are expected to rebound from 1992's low levels. The improvement may be attributed to the decision by the

**Figure 7.1  
EC Rapeseed Production**



1/ Includes former GDR from 1991.  
Source: USDA.

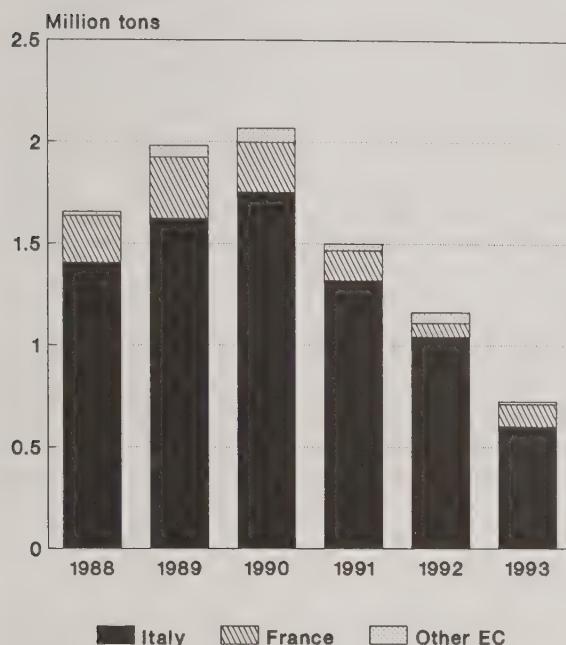
**Figure 7.2  
EC Sunflowerseed Production**



1/ Includes former GDR from 1991.  
Source: USDA.

Figure 7.3

## EC Soybean Production



Source: USDA.

French government to differentiate between higher yielding irrigated and dryland soybeans in the regionalization scheme. The compensatory payment for irrigated soybeans is almost twice as high as a result.

Linseed is subject to a separate regime and was not included in the original CAP reform program for oilseeds. Linseed will be integrated into the arable crops regime in 1994/95, and a transitional regime has been adopted for 1993/94. The original support system paid producers a subsidy to make up the difference between the high EC guaranteed support price and the lower, variable world price. Under the transitional regime, producers receive a flat-rate subsidy set at 81 ECU (\$111) per ton, which is multiplied by the regional average grain yield to arrive at the per hectare payment. In the U.K., the EC's largest linseed producer, the flat-rate payment will reduce the producer subsidy by about 29 percent in 1993/94 and 31 percent in 1994/95. Under the transitional regime, a ceiling on area planted has been set at 266,000 hectares, equal to the record linseed area of 1992. The area ceiling will expire when linseed comes fully under the arable crops scheme. Linseed producers are not required to participate in the set-aside scheme in 1993/94. Linseed area and production in 1993 are expected to decline from the record 1992 levels.

### Demand for Oilseeds, Meal Declines

Crush demand for oilseeds will decline slightly in 1993/94 (-1 percent), as soybean crush drops from 1992/93 when it was the highest since the peak 1979-82 levels. Crush of domestically produced oilseeds will rise due to the larger sunflowerseed crop and the recovery of rapeseed crush from 1992/93, when EC crushers had to compete with increased demands from export markets for EC rapeseed and from feed

compounders for full-fat oilseeds.<sup>1</sup> Japanese imports of EC rapeseed in 1992/93 were over 125,000 tons to replace high-quality rapeseed normally supplied by Canada. Recovery of Canadian production should reduce export pressure from Japan and other rapeseed-importing countries, and restore rapeseed crush margins to more competitive levels. Full-fat rapeseed use, which had expanded in 1992/93 with the end of the old oilseed support system, is expected to remain largely unchanged.

EC demand for protein meal is expected to decline only slightly in 1993/94 from the high level of 1992/93. Although production of pork and poultry, the biggest users of soybean meal, is expected to increase, soybean meal use is expected to decline slightly (-2 percent) from the 1992/93 record level. Reductions in soybean meal use will be partially offset by slight increases in consumption of rapeseed meal and sunflowerseed meal. Demand for oilseed meals could contract due to shifts in relative prices of feed ingredients. Grains are now more competitive with protein meals in mixed feeds because of the grain price reduction effective July 1 with the implementation of the first round of support price cuts under CAP Reform. Lower grain prices in 1993/94 could also reduce the competitiveness of full-fat oilseeds in mixed feeds.

EC vegetable oil consumption continues to expand at 1 to 2 percent per year, slightly ahead of population growth. Domestic supplies will be higher in 1993/94 because of the shift in the composition of oilseed crush toward high-oil-content seeds (sunflowerseed and rapeseed), away from the low-oil-content soybean.

### Imports To Fall

Reduced 1993 demand for oilseed meal will likely lead to slightly reduced levels of oilseed imports. EC imports of oilseeds, particularly soybeans, were high in 1992/93, rising to offset reduced EC oilseed production and increased competition from the export market. The end of the old oilseed regime, which favored domestic crushing of EC-produced oilseeds over exports, allowed EC rapeseed to move more freely into the export market.

### United States, EC Resolve Oilseed Dispute

In November 1992, U.S. and EC negotiators reached an agreement on the long-standing oilseed dispute, at the same time as the U.S.-EC agreement on the Uruguay Round was reached at the Blair House in Washington. The oilseed agreement was approved by the EC Council of Foreign Ministers in June 1993.

Under the agreement, effective with the oilseed crops planted for harvest in 1994, the EC establishes a separate base area for oilseeds (table 7.1). Originally, oilseeds were to be included in the arable base area and not subject to a crop-specific set-aside. The total EC oilseed base area was set at 5.499 million hectares for 1994/95, including the separate base areas

<sup>1</sup> Full-fat oilseeds are whole oilseeds used as animal feed. In addition to the protein-rich meal component, the oil component of the oilseed is used to provide energy.

Table 7.1: Oilseed base areas in agreement, historical area harvested

	Oilseed base area in U.S.-EC agreement		Oilseed base area less minimum (10%) set-aside		Historical area harvested 1/	
	1994/95	1995/96	1994/95	1995/96	1992/93	1993/94
Spain--sunflowers	1,411,000	--	1,269,900	--	1,366,000	1,700,000
Portugal--sunflowers	122,000	--	109,800	--	73,000	85,000
EC-12--other	3,966,000	--	3,569,400	--	3,939,000	3,380,000
EC-12 total	5,499,000	5,128,000	4,949,100	4,615,200	5,378,000	5,165,000

1/ Estimate for 1993/94 is preliminary.

Source: Economic Research Service.

established for Spanish and Portuguese sunflowers, and 5.128 million hectares in 1995/96 and subsequent years. Of this oilseed base area, producers will be required to set aside the higher of 10 percent or the set-aside rate established for the arable crops scheme. Exceeding the oilseed area limit will result in a producer penalty equal to 1 percent of the per hectare payment for each 1 percent that planted area exceeds the limit. The penalties would be cumulative, rising in consecutive years of overplanting.

The agreement also specified that confectionery sunflowerseeds, an important U.S. export, are not eligible for support. Other provisions would restrict planting oilseeds for nonfood use on set-aside land, allowed under the new CAP regime for arable crops, to the byproduct equivalent of 1 million tons of soybean meal.

If the limits are honored, EC oilseed area would be held to the levels of the late 1980s. Under the previous oilseed support regime, the Maximum Guaranteed Quantity produc-

tion limits were frequently exceeded. Stricter penalties under the new system provide a greater disincentive to breach area limits. The agreement should provide oilseed exporting countries with greater opportunities to meet any increased demand in the EC.

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## Sugar

*Lower yield and area will return EC sugar production to normal levels in 1993/94 after a 17.1-million-ton crop in 1992/93. Reform of the sugar regime will be delayed until at least June 1995. Farmers may be able to grow sugarbeets on set-aside land for nonfood use, but without the set-aside payment. [Elizabeth Jones]*

Following a bumper crop in 1992/93, EC sugar production is expected to drop 6.7 percent in 1993/94 to 15.7 million tons.<sup>1</sup> Sugarbeet area is expected to decline 3.5 percent in 1993/94 to 1.92 million hectares.

Excellent growing conditions, timely rain with alternating periods of sun and a moderate winter, resulted in higher-than-average sugarbeet yields, boosting the production of sugar to 17.1 million tons in 1992/93, up 1.3 million tons from 1991/92. EC sugarbeet yield reached a high of 54 tons per

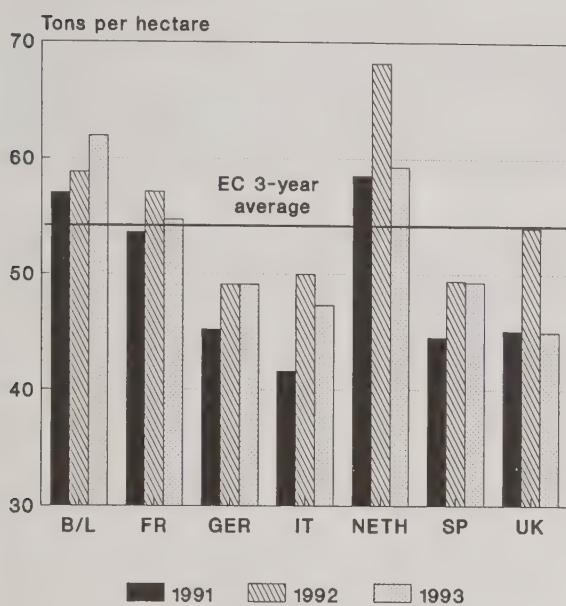
hectare in 1992/93, up from 48.9 in 1991/92 (figure 8.1). Planted area increased 20,000 hectares in 1992/93 to about 2 million hectares.

EC sugar production is currently limited by nontransferable national quotas, referred to as "A" and "B" sugar. "A" sugar represents domestic consumption, set at 11.2 million tons white refined sugar. "B" sugar represents the volume of exports the EC is willing to subsidize, set at 2.5 million tons white sugar. "C" sugar refers to excess production exported without EC subsidies at world market prices. Producers may also opt to carry over a portion of their "C" sugar to the next

<sup>1</sup> Unless otherwise indicated, all data reported as raw value.

Figure 8.1

## EC Sugarbeet Yield, 1991-93



Source: USDA.

marketing year to be used as the first tranche for the following year's "A" quota.

The EC carried forward a record 1.3 million tons of unsubsidized "C" sugar from the 1992/93 marketing year, up 400,000 tons from 1991/92. This sugar will be counted as the first tranche of "A" sugar for the 1993/94 marketing year.

### *Industrial Demand for Sugar Increasing, Direct Food Use Decreasing*

For 1993/94, EC sugar consumption is estimated at 12.7 million tons, down 710,000 tons from 1992/93. EC officials are unsure whether the large drop indicates a real decline or is due to a change in the reporting of trade statistics, a problem since the introduction of the Single Market. Across the EC, sugar consumption has been flat or declining, as increases by the food industry offset reductions in direct food use. Isoglucose consumption is stable, limited by the quota.

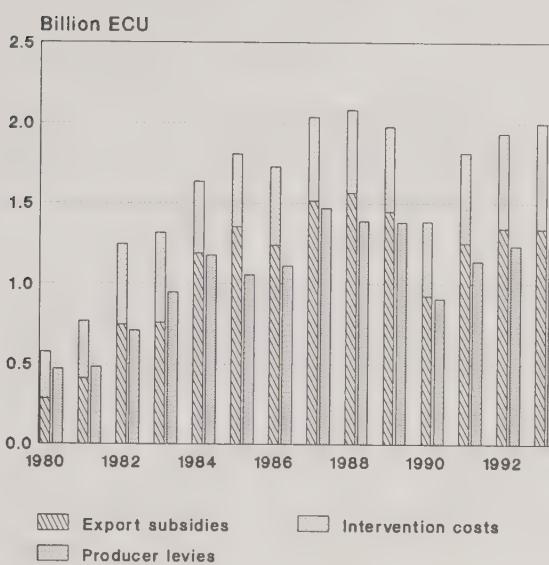
### *Large Carryover Will Keep Exports High*

No reduction in the amount of sugar available for export in 1993/94 is expected given the high carryover resulting from last year's bumper crop. The EC exported 5.3 million tons in 1992/93, 8 percent over 1991/92. Russia and Ukraine emerged as major new outlets for EC white sugar in 1992/93. The EC extended credit to the former Soviet Union for up to 250,000 tons of white sugar. Other non-EC export markets include the Middle East and northern Africa.

"C" sugar exports for 1993/94 are estimated at 2.2 million tons. The EC exported 2.2 million tons of unsubsidized "C" sugar in 1992/93, compared to 1.6 million tons in 1991/92.

Figure 8.2

## EC Sugar Expenditures and Revenue, 1980-1993



Difference between expenditures and revenue is net cost of sugar regime.  
Source: EC Commission.

In 1993/94, the EC will import 1.3 million tons of cane sugar from the African, Caribbean, and Pacific (ACP) countries per protocol 8 of the Lomé IV Convention. ACP countries generally sell more sugar to the U.K. and Portugal than to other EC countries, a reflection of relationships established by sugar industries prior to EC membership.

### *Reform of the Sugar Regime Delayed for Second Consecutive Year*

Despite continued overproduction and a large budgetary commitment, the Commission decided to roll-over the current EC sugar regime for 1994/95. Reform of the sugar regime appears to be a low priority for the Commission, which has been occupied with the implementation of CAP Reform. The Commission has delayed issuing its formal proposals until 1994. Therefore, reform of the sugar regime, originally scheduled to be in place July 1, 1993, may not occur until 1995. Currently, the "self-financing" sugar regime is expected to have a net cost to the EC budget of over 750 million ECU (\$850 million) in 1993 (figure 8.2).

While no reform proposals have been released, the Commission was reported to be considering cutting support on production in excess of domestic consumption. Other changes under consideration may include eliminating producer levies, storage subsidies, and export refunds.

The reform described above would eliminate the "B" quota, essentially removing all export subsidies. Given no change to the "A" quota, EC sugar benefiting from support would be limited to 11.2 million tons of white sugar, compared to current supported production in excess of 13.7 million tons ("A"+"B" sugar).

A GATT agreement based on the Blair House accord would likely restrict the volume of subsidized EC sugar exports, i.e. the "B" quota. Rather than changing the regime before a GATT agreement on agriculture is reached, the EC may be waiting to reform its sugar sector in response to a GATT deal.

### **Inulin Syrup Quotas Will Be Part of Sugar Regime**

This fall, the Commission will release proposals to integrate inulin into the sugar regime.<sup>2</sup> The EC and several member states fear that inulin could disrupt the sugar/isoglucose market unless it is incorporated into the sugar regime. Inulin competes directly with isoglucose and liquid sugar.

Fearing legal challenges from inulin producers, the Commission has struggled over how to implement inulin quotas. It now appears quotas will be established based on inulin production between July 1992 and June 1993. The Commission may establish separate inulin quotas or may create inulin quotas by deducting a portion of existing sugar and isoglucose quotas from current producers of those sweeteners. Inulin syrup quotas would take effect in July 1994. To protect the sugar sector, the Commission hopes to restrict inulin quotas to very low levels.

### **Industrial Use May Grow With New Set-Aside Arrangement**

In the May price package, the Council asked the Commission to draft a proposal to allow producers to grow sugarbeets on set-aside land for industrial uses. However, producers would not receive set-aside payments on land planted to sugarbeets. The Commission intends to release a formal proposal in September. This policy could expand the production of biofuel from set-aside lands.

Industrial uses of sugarbeets include the production of ethanol (a gasoline substitute), from which a number of chemical and pharmaceutical products also are produced. Sugar refiners in France and Germany may add ethanol plants to sugar refining plants, allowing greater use of existing capacity.

Future growth prospects for biofuel use of sugarbeets are uncertain. Pilot ethanol production plants in Germany closed

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<sup>2</sup> Inulin syrup is a high fructose sweetener produced from chicory or Jerusalem artichoke.

when public subsidy programs ceased in 1992. Widespread use of biofuels would be possible only with a large production subsidy or a large increase in the price of fossil fuels.

### **Drought and Policy Change Affect Feed Use**

Increased ethanol production from sugarbeets grown on set-aside land would increase EC production of sugarbeet pulp, a byproduct of the production process that is used as an animal feed. Sugarbeet pulp is high in fiber (21 percent), contains about 8 percent protein, and is favored in EC dairy rations.

The United States is the major supplier of beet pulp to the EC market, accounting for 35 percent of EC imports during 1981-91. U.S. sugarbeet pulp exports to the EC during fiscal year 1992 totalled 355,105 tons valued at \$41 million. An increase in EC production of sugarbeets would likely have a negative impact on U.S. beet pulp exports to the Community.

In 1992, the drought in eastern Germany cut the feed supply and increased the price of feedstuffs. In the late summer and early fall, east German farmers substituted 100,000 to 200,000 tons of sugarbeets for feedstuffs, determining it was more economical to use beets for feed than to process them into sugar for export at world market prices.

### **Producers' Income To Remain Steady**

An expected increase in world market prices in 1993/94 will not significantly affect EC producers' income, since domestic guaranteed prices have not changed, and the variable levy provides insulation from world price effects. World refined sugar prices reached an average of \$268 per metric ton in July 1993, down from the 1992 average of \$273. A comparison of EC guaranteed and world market prices demonstrates the level of EC subsidization. During the 1992/93 season, Italian refiners received only about 30 percent of the "A" sugar price in the EC for selling "C" sugar on the world market.

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## Beef and Veal

European Community (EC) beef production began a cyclical downturn in 1992, and is expected to fall 2.4 percent in 1993. In 1993, consumption and trade are forecast to remain unchanged from the previous year. The EC will face difficulties in disposing of its record intervention stocks. Additional reform measures will be necessary to reduce future dependence on intervention. [C. Philip Brent and Mary Lisa Madell]

EC beef production is forecast to drop 2.4 percent in 1993 to just under 8 million tons (figure 9.1). Production fell an estimated 5.7 percent in 1992 as the EC entered a downturn in the cattle cycle. German production, expected to fall 8 percent, will register the largest decline because of the smaller east German herd. Output in France, the second largest EC producer, will fall 3.3 percent. Production is expected to increase slightly in Ireland, the United Kingdom, and Italy.

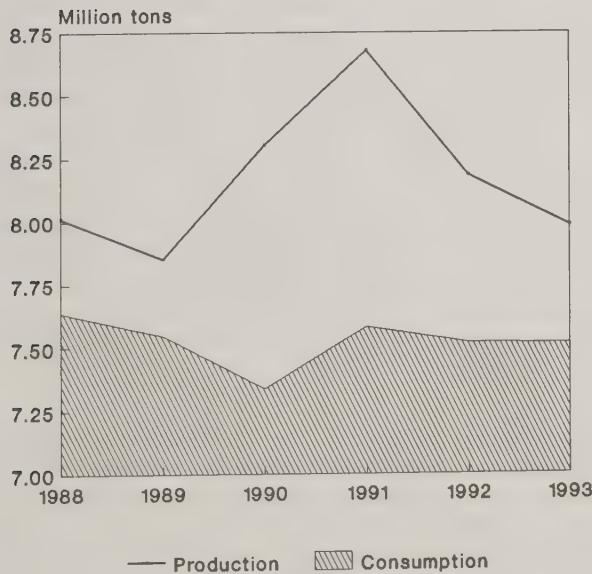
Beef consumption for 1993 is forecast unchanged at about 7.5 million tons. In recent years, EC beef and veal consumption has been affected by consumer concern about animal diseases such as Bovine Spongiform Encephalopathy (BSE), and illegal hormone use. According to the EC Commission, consumption is trending down. Consumer preferences for white meat and the price competitiveness of pork and poultry have eroded beef's share of total meat consumption. EC per capita beef consumption is 22 kilograms per person, compared with 40 for pork and 19 for poultry.

The recovery of beef producer prices began in early 1992. EC average producer prices were 2.4 percent higher than in 1991 but did not recover to 1990 levels. Lower production

should help the continued recovery of beef producer prices in 1993. In the first 5 months of 1993, producer prices were 2.2 percent higher than the same period in the previous year. The beef intervention price was reduced 5 percent in July 1993, which could limit producer price increases in the future (figure 9.2).

High beef intervention stocks remained a costly problem for the EC throughout 1992 and in the first half of 1993. EC beef intervention purchases totaled 852,000 tons in 1992 after the normal intervention ceiling was waived (table 9.1). This included normal intervention purchases of 749,000 tons and "safety net" purchases of 103,000 tons. A new record for beef intervention stock levels of 1.13 million tons was reached in March 1993. The Commission's chief goal in the beef reform is to reduce the dependence of beef producers, particularly in Ireland, France, and Germany, on intervention. Given the EC's estimated 106-percent beef self-sufficiency ratio for 1993, and essentially stable consumption, there is little prospect of disposing of intervention stocks on the internal market.

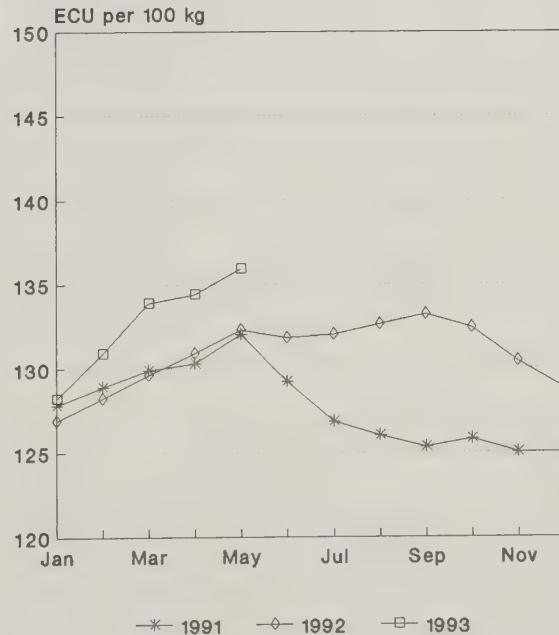
Figure 9.1  
EC-12 Beef and Veal  
Production and Consumption



Source: USDA.

Europe/RS-93-5/September 1993

Figure 9.2  
EC-12 Beef Producer Price



Source: EC Commission.

Table 9.1: 1992 EC beef intervention purchases

Country	Normal	Safety net	Total
-----Tons-----			
Belgium	1,951	--	1,951
Denmark	41,628	615	42,243
Germany	183,107	4,536	187,643
Spain	598	--	598
France	201,516	--	201,516
Ireland	169,928	73,622	243,550
Italy	75,253	--	75,253
Netherlands	918	--	918
U.K.	32,392	10,302	42,694
Ireland	41,890	13,612	55,502
EC	749,181	102,687	851,868

-- = none or negligible.

Source: Agra Europe.

### **EC Beef Exports Remain Over 1 Million Tons**

EC exports of beef are expected to remain above the 1-million-ton mark in 1993. Potential export markets for EC beef will be determined by a number of factors. The former Soviet Union was an important export market in 1992, taking 37 percent of extra-EC beef exports, but continued sales depend on financial and political stability in the region. EC beef stocks could be donated as food aid to the FSU. The EC has agreed not to ship subsidized beef to Asia, especially Japan. The Danish and Irish beef industries had pressured the EC to begin subsidized shipments to Japan. An eventual GATT agreement would also limit subsidized beef exports.

Imports from third countries, forecast at 469,000 tons in 1993, remain basically unchanged from last year. The EC restricted the import of calves for fattening in early 1991. These restrictions mainly affected Central and East European supplier countries, including Poland, Hungary, Bulgaria, and the Czech and Slovak Republics. In April 1993, the EC instituted a ban on imports of beef and other livestock products from these countries, because of a case of foot-and-mouth disease (FMD) traced to Croatia. Poland, Hungary, and the Czech and Slovak Republics opposed the ban as a purely protectionist measure, and instituted a retaliatory ban on EC imports. The bans were eased a month later, but live calf imports from these countries remain subject to a 15-day quarantine period, and must be tested for FMD.

### **CAP Reform Reduces Beef Prices, Increases Payments**

Common Agricultural Policy (CAP) reform reduces beef intervention prices and increases existing direct payments to producers. The beef intervention price was reduced 5 percent on July 1993, and premiums for suckler cows and male bovines were increased. The number of premiums a producer may receive will be limited by the livestock density or stock-

ing rate on the farm. Those producers with stocking rates above the limit will not receive premiums for all their suckler cows or male bovines. A new deseasonalization premium was introduced to encourage producers to delay slaughter from the traditional autumn period until the spring. EC beef intervention purchases in 1993/94 will be limited to 750,000 tons, and this ceiling will be reduced progressively. The trigger price for opening unlimited safety-net intervention buying was reduced 25 percent to 60 percent of the intervention price.

In addition to these measures under CAP Reform, the Commission decided to introduce a weight limit on carcasses eligible for intervention. Since July 1993, beef carcasses sold into intervention may not exceed 380 kilograms. The weight limit on intervention carcasses will be reduced to 360 kilograms on January 1, 1994, and to 340 kilograms on July 1, 1994. The carcass weight limit will reduce EC expenditures on intervention by reducing the total quantity sold into EC stocks, and discourage use of illegal growth hormones that produce larger animals. The exclusion will apply to higher quality carcasses, in the "U" and "R" conformation classes rather than the lower quality "O" and "P" carcasses. All bull beef from the "O" conformation class was excluded from intervention as part of CAP Reform. By one estimate at least 25 percent of all EC intervention beef in Ireland and France currently would be ineligible for intervention under this change.

The Commission has also placed a restriction on deboning of beef for intervention. Deboning and slaughter may no longer take place at the same location. This requirement will impose additional transport and deboning costs on beef processors, and further discourage their reliance on intervention as a market outlet.

### **CAP Reform Changes Herds**

EC dairy cow numbers declined nearly 5 percent in 1992, continuing the downward trend introduced by the milk quota. The creation of individual quotas for suckler cows resulted in some dairy cows being transferred to suckler herds. The total number of nondairy or other cows, including suckler cows, in the EC increased over 7 percent in 1992, and some member States showed marked increases in suckler cow herds (table 9.2). In the Netherlands, for example, the number of other cows grew 57 percent, and Germany and Belgium registered increases of 27 and 24 percent, respectively. The deseasonalization premium, which effectively is available only to producers in Ireland, has shifted some slaughter out of the traditional September-November period into January-April. The payment is 60 ECU (\$82) per head, and resulted in an estimated 33,000 head being carried over the winter for slaughter in the spring.

The stocking rate limitation is not expected to reduce herd sizes. Herds that exceed the stocking rate are not excluded from receiving premiums, although producers will not receive premiums for all their animals. Producers can also reduce their stocking rates by increasing forage area rather than reducing animal numbers. For example, a producer can declare part of his/her wheat area as forage area, although this

Table 9.2: EC suckler cows 1/

Country	1990	1991	1992	Change	
				-----Thousand head-----	Percent
Belgium	350	370	460	24.3	
Denmark	86	103	119	15.5	
France	3,666	3,772	3,912	3.7	
Germany	414	379	460	24.3	
Greece	95	93	102	9.7	
Ireland	680	783	912	46.5	
Italy 2/	475	666	700	5.1	
Luxembourg	24	26	26	0.0	
Netherlands	55	60	94	56.7	
Portugal	206	232	236	1.7	
Spain	1,082	1,213	1,275	5.1	
U.K.	1,635	1,662	1,731	7.4	
EC-12	8,768	9,359	10,050	7.4	

1/ Includes nursing, suckler, and beef cows.

2/ Includes 33,000 buffalo in 1990, 31,000 in 1991 and 33,000 in 1992.

Source: EC Commission.

area would not receive the compensatory payment for grains. Some producers are declaring part of their grain area as forage in order to reduce their stocking rate below 1.4 livestock units/hectare, making them eligible for an additional 30 ECU (\$41) per head payment for all qualified animals.

### CAP Reform Impact on Beef Unclear

Contradictions in CAP Reform make it difficult to predict the impact on beef production. Although the intervention price will be reduced by 15 percent over 3 years, direct payments to producers have been increased substantially, encouraging them to maintain or expand their herds. The intervention ceilings will be lowered progressively, but even in 1996 the ceiling will be higher than it was before the reform (235,000

tons). The lower trigger price for safety-net intervention could result in significantly lower market prices after the regular intervention limit has been reached. Given the cyclical nature of beef production, however, lower safety net prices may not substantially affect aggregate output.

The Commission has recognized that the reform agreed to thus far in the beef sector may not be sufficient. The carcass weight limit and deboning restrictions impose further discipline on intervention, and aim to force producers to sell on the market rather than into intervention stores. The Irish and French would be most affected by the carcass weight limitation, and the Irish are directly targeted by the deboning restrictions. Both Ireland and France sell considerable quantities of beef into intervention.

Additional changes to the beef regime are likely to be needed at the end of the 3-year period envisioned by CAP Reform. Agriculture Commissioner René Steichen has already indicated that area payments could replace headage payments in the beef sector. The diversity of production methods in the EC--ranging from intensive fattening operations in the Netherlands and Belgium to extensive grass-based systems in Ireland--make a single reform program inappropriate for resolving the problems in the EC's beef market.

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## Pork, Poultry, and Eggs

The EC pork and poultry sectors continue to grow, supported mainly by export subsidies and border measures. Producer prices have fallen substantially, particularly for pork, and could continue sliding over the next few years. Production increases for pork in 1993 should lead to increased subsidized exports and greater competition with the United States in world markets. [Daniel J. Plunkett]

EC pork production should be robust in 1993 as producers slaughter the large herd built up in response to high prices in 1991 and early 1992. While lower producer prices are expected to boost consumption, exports are forecast to increase in 1993. Over the next few years, pork prices will likely decrease even further as the CAP Reform price reductions for cereals lower input costs. This should further boost domestic consumption, absorbing part of the EC surplus and keeping exports at or below the 1993 level.

Forecasts for 1993 indicate a production increase of 2.5 percent, the highest in years, with total production exceeding 14 million tons for the first time since 1990, when the former East German herd was being liquidated. Developments in the new German Länder have been one of the strongest influences on the EC pork market. The east German pig herd was down to 4.4 million in December 1992, only about a third of that reported in October 1989. This restructuring led to increased German import demand in 1991 and 1992, contributing to the high prices in the EC, which prompted other EC producers to build up their herds (figure 10.1). Strong increases in pigs for fattening and young breeding sows at the beginning of 1993 indicate high EC production for this year and beyond. A slight buildup of the breeding herd in the new Länder could lead to increased production there in the near future.

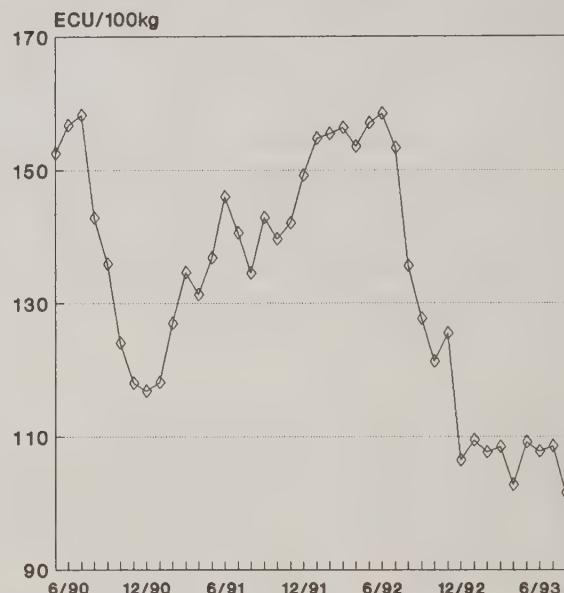
### Lowest Pork Prices in 15 Years Boost Consumption

Due to the cyclical herd buildup and resultant increase in pork slaughter, EC producer prices fell from a high of 1,580 ECU (\$1,792) per ton in mid-1992 to a low of 1,020 ECU (\$1,157) per ton in April 1993. The downward trend in prices was exacerbated at the end of 1992 by currency devaluations in importing countries, such as the U.K. and Italy, which made imports from Belgium, Denmark, and the Netherlands more expensive. As a result of the lower prices, 1993 consumption is expected to increase at a rate above 2 percent for the EC as a whole.

In March, the EC instituted aid to private storage (APS), which temporarily reduces supply as a means of supporting prices. The Commission was reluctant to offer APS since prices may be even lower when the pork comes out of storage. Prices were buoyed slightly throughout the EC due to a 4-week strike by Danish slaughterers in April, which temporarily kept 1 million pigs off the market. The excess supply of these heavier-weight pigs required the EC to subsidize the export of 30,000 tons of carcasses to Russia, Ukraine, and Belarus.

Figure 10.1

### EC Producer Prices for Pork 1990-1993



Source: Agra Europe.

### CAP Reform Should Reduce Pork Prices Further; Profitability Could Improve

There is debate about where EC pork prices will end up, given that prices fell 35 percent in 1 year (albeit from high levels). Given the current increases in production, pork prices will probably decline further, but since grain prices were cut 23 percent in July 1993, the impact of lower feed costs could improve profitability. For this reason, producers appear to be maintaining breeding stocks at current levels, which could keep production high and cause prices to continue falling rapidly in the second half of 1993.

In this time of rapid change, restructuring in the pork sector is inevitable. There could be an increase in the share of cereals in pig rations, already 50 to 70 percent in many countries (although only 5 to 15 percent in countries with major ports, such as Belgium and the Netherlands, because soy products and other nongrain feeds are available at low cost). The number of pig farmers has been decreasing by 3 to 5 percent a year in the major producing countries. That rate could accelerate, particularly given the restrictions on manure spreading in Belgium, Denmark, and the Netherlands, where

the EC's largest herds, averaging 300 to 500 pigs, are raised in highly intensive conditions. In a recent publication, the Danish Farmer's Union forecast a 30-percent decline in the number of Danish producers by 1995. The average Danish herd size, though, is expected to increase by about one-fourth to 526 head.

### **Larger Swine Herd Raises Exports**

EC pork exports, which fell below 500,000 tons in 1992, should be well above that figure for 1993 due to the larger herd. Denmark is the major EC exporter, sending about 300,000 tons outside the EC, about half to Japan, the world's largest import market. Danish exports to Japan could increase over the next few years as Taiwan, Japan's leading supplier, reduces hog production for environmental reasons. So far this year, the Danish share of the Japanese market has been down slightly while the U.S. share has increased, although slow economic growth is limiting Japanese imports of pork (figure 10.2).

In July 1993, export refunds were reduced for most products by 20 to 30 percent due to the 22-percent cut in grains prices. Since lower pork prices in the EC reduce the gap with world market prices, per unit export refunds could fall even further over the next few years. By the end of CAP Reform in 1995/96, EC pork prices could be close to world market levels.

### **Growth in Poultry Production Slowing, Turkey Strong in Germany**

EC poultry meat production is expected to surpass 7 million tons for the first time in 1993, a 2-percent increase over 1992. As economic recession slows growth in consumption, there should be a slight increase in 1993 exports. Overall, the market for poultry meat is now fairly stagnant, compared to the robust 5-percent annual growth in the late 1980s. One reason is that pork is considered the traditional meat in Europe and EC consumers are adopting health-conscious eating more slowly than U.S. consumers.

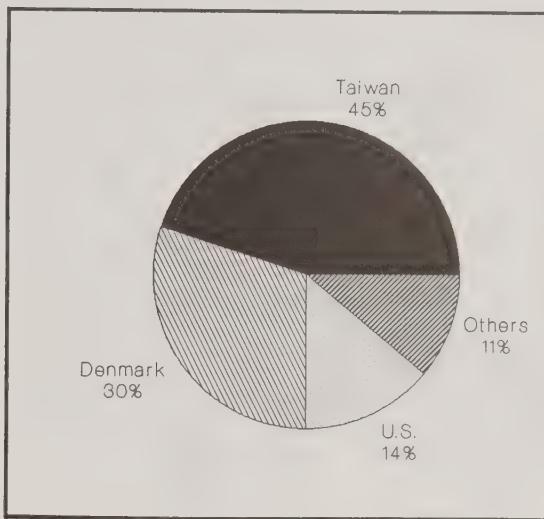
Production of broilers, by far the largest category, is forecast to rise just 1 percent in 1993, keeping pace with slow growth in demand. EC broiler prices, pushed down in 1992, remained low in 1993 in part due to falling prices for pork, with which it competes, but low feed costs in many countries helped compensate producers. In Germany, the world's largest importer, chicken production is shifting to the new Länder, where broiler production (mainly marketed as frozen birds) was up 39 percent in 1992, bringing growth in national production up to 6 percent.

Strong growth in German demand for turkey continues to boost production there and in France. Growth in turkey production for the whole EC has slowed to 3.5 percent, with consumption on a similar trend. Half of total EC trade goes to Germany, where packers are moving towards importing whole turkey carcasses and unprocessed pieces in order to capture the value added in further processing.

EC egg production in 1993 should remain near 84-billion pieces, where it has been since 1991. Egg prices fell in 1992, in part due to decreased imports by the U.K., where currency

Figure 10.2

### **Denmark Provides 30 Percent of Japan's Pork Imports**



January to June 1993.  
Source: USDA.

devaluation made egg imports more expensive. The EC egg surplus could be reduced somewhat in the future as new regulations on cage sizes come into effect.

### **EC Poultry Exports Continue To Grow**

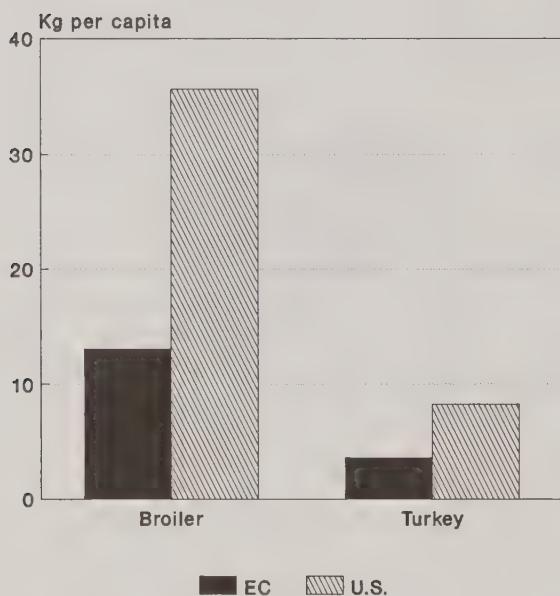
In 1993, EC exports of broiler meat are expected to grow over 3 percent, while turkey exports should grow 7 percent. Lower export refunds for poultry meat as of July 13 (due to the cereals price cut) and strong competition in poultry meat exports from the Export Enhancement Program could cause EC exports to be lower than these estimates.

EC exports of broiler meat outside the Community were about 400,000 tons in 1992, while turkey exports reached 100,000 tons for the first time. France accounts for about three quarters of EC poultry meat exports, with Saudi Arabia a major customer. In 1992, France sold about 40,000 tons of turkey to African countries. The EC has also been targeting poultry sales to the Middle East for several years. For much of the past year, export refunds for poultry to the Middle East have been twice the rate for Eastern Europe.

Egg exports rose 5 percent in 1992, on the basis of strong import demand by Austria. Forecasts initially showed EC egg exports falling in 1993, in part due to declining demand in Poland, but very strong sales to Hong Kong and the Persian Gulf states (where the United States is also a strong exporter) should keep them above 2 billion pieces. Export refunds for eggs were also reduced in July 1993.

Figure 10.3

## EC Poultry Consumption Lags Behind U.S. in 1993



Source: USDA.

### Cuts in Feed Prices Should Lower Poultry Production Costs

Cereals' share of poultry feed is about 60 to 70 percent in the EC (40 to 50 percent in Belgium and the Netherlands). The cuts in cereal prices over the next 3 years of CAP Reform should therefore reduce production costs and boost poultry output. This likely will lower consumer prices for poultry products, bringing EC per capita consumption closer to U.S. levels (figure 10.3).

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## Sheepmeat

EC sheepmeat production is expected to increase again in 1993, after a slight fall in 1992. EC average prices for 1992 were above the previous year's levels, but declined in some member states. Policy developments in the sheepmeat sector will continue to affect prices and intra-EC trade. In 1992, sheepmeat trade was also affected by currency volatility.  
[Mary Lisa Madell]

EC sheepmeat production is expected to increase just over 1 percent in 1993, not enough to recover from the 2.5-percent drop in 1992. Continued drought in Spain and Portugal could affect output in those countries. Consumption is also forecast to rise, but more slowly than production, less than 1 percent. In 1992, consumption increased 1.3 percent (figure 11.1). The EC's sheepmeat self-sufficiency ratio stood at 83 percent.

Average EC sheepmeat prices recovered in 1992, increasing 3 percent above 1991 levels (figure 11.2). U.K. prices registered the strongest recovery, up 21 percent from the previous year. Prices fell in a number of member states, including France, Ireland, Denmark, Italy, and the Netherlands. Increased imports from Britain and Ireland kept prices on the French market low, and Irish prices fell in response to keen British competition in the French market.

Sheepmeat prices began 1993 below the previous year's levels, but picked up around May. In most member states, prices in May and June were above those during the same time in 1992, and considerably improved relative to 1991. No requests for market support through private storage were made from February to June.

### Single Sheepmeat Market Began in 1992

The EC instituted a new market organization for sheepmeat in 1989, replacing intervention buying with a private storage scheme. The aid to private storage (APS) is the sole form of direct market support in the sector. Producer incomes are supplemented by a direct payment, the annual ewe premium. The reference prices used to calculate the annual ewe premium have been harmonized throughout the Community. The variable premium system used to support producers in Great Britain ended in 1991. The clawback, a tax charged on sheep

and sheepmeat exports from Great Britain, was also eliminated.

The APS acts as a safety net when prices are low by removing sheepmeat from the market temporarily. Sheepmeat removed from the market is frozen and released at a later date (at least 3 months). Private storage, which is limited to carcasses and half carcasses of lambs under a year old, can be activated if a regional market price falls below 70 percent of the basic price for 2 consecutive weeks, no matter the EC market price level.

Farmers in less-favored areas (LFAs) receive a special premium, introduced as part of the 1990/91 price package, to compensate them for income losses resulting from the stabilizer mechanism. Originally set at 1.5 ECU (\$2.05) per ewe, the premium was increased to 4 ECU (\$5.47) per ewe in the 1991/92 price decisions, and to 7 ECU (\$9.58) per ewe in early 1993.

### **Trade, Prices Influenced by Policy Changes**

EC sheepmeat markets were strongly affected by the adjustment to the Single Market organization for sheepmeat. The removal of the clawback tax on exports from Great Britain to the Continent, primarily France, produced a dramatic increase in exports of live animals. The devaluation of the pound increased the price competitiveness of U.K. lamb. Shipments of sheepmeat from Ireland to France also increased. Consumption of sheepmeat in France is increasing, while the sheep herd has declined steadily since 1986. Imports are necessary not only to make up the deficit for consumption, but to fill French slaughter capacity.

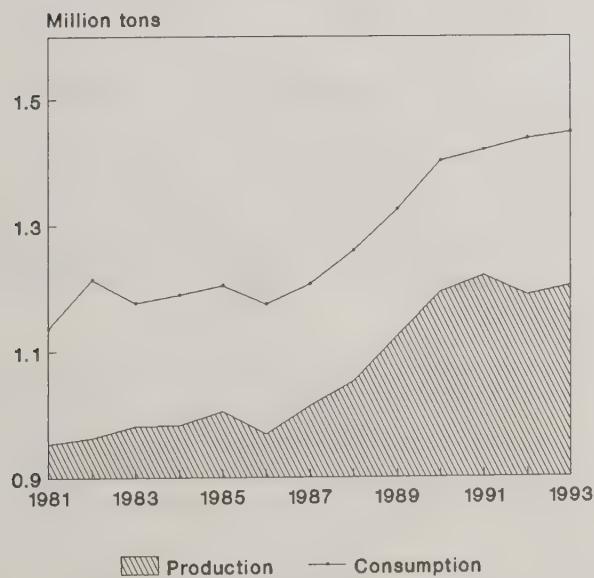
The adoption of a single reference price in the calculation of the annual ewe premium reduced payments in countries where prices were below the average. The decline in the annual premium for Irish producers led the Commission to propose a new method of calculating Irish premiums, which increased them approximately 4 ECU (\$5.47) per head. A single stabilizer price cut of 7 percent was applied in 1992.

### **CAP Reform Changes Regime Again**

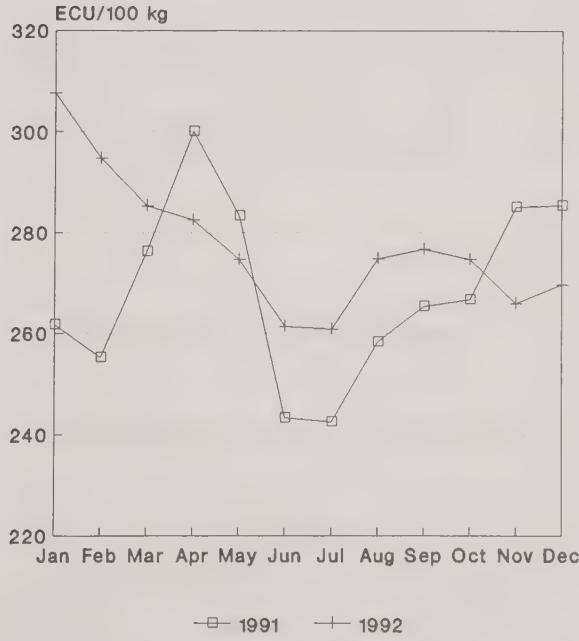
CAP Reform measures for the sheepmeat sector entered into force in January 1993. Producers now have quota rights for ewe premiums. Producers are entitled to receive as many ewe premiums as they received in 1991, adjusted by a coefficient that reflects changes in herd size since 1989. If an individual producer's herd has contracted since 1989, he or she is eligible for more premiums than were received in 1991. On the other hand, herds that have been expanding are limited to the number of premiums in 1991. The member states will decide a single coefficient for all producers, which could produce inequitable results among producers.

The ceiling on the number of premiums a single producer may receive is maintained at 1,000 ewes in less-favored areas and 500 ewes elsewhere. Producers with larger herds may receive 50 percent of the annual premium for each eligible ewe beyond these levels. The EC has tied the quota rights to the land on which the sheep are raised. This was chiefly to prevent sheep farming from moving extensively out of the less-favored regions. Thus, a producer must transfer his land in order to transfer all the premium rights. Producers can transfer their individual premium rights without transferring their land, however, they will forfeit a part (not more than 15 percent of the rights) to a national reserve without payment.

**Figure 11.1**  
**EC-12 Lamb Production and Consumption**



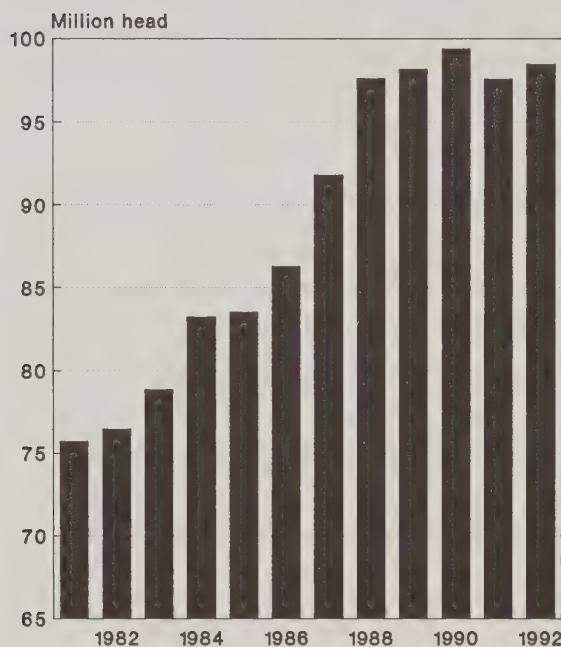
**Figure 11.2**  
**EC-12 Lamb Prices**



1993 data are projected.  
Source: USDA.

Figure 11.3

## EC-12 Sheep Herd



Source: Eurostat.

This reserve, along with separate reserves for LFAs, will be used to help new entrants and disadvantaged farmers.

### Impact of CAP Reform

CAP Reform in the sheepmeat sector should contain the growth in herd sizes. Since the introduction of the sheepmeat regime in 1980, the EC sheep herd has increased 74 percent, including the accession of Spain, which accounts for a quarter of the total EC sheep population (figure 11.3). In a number of EC member states, the expansion of sheep numbers has been very large. The Irish herd has grown more than two and a half times since 1980, and the U.K. herd has increased by 36 percent. CAP Reform establishes a quota for ewe premiums--producers will not be eligible to receive payments for animals above their quota, unless they purchase or lease quota

rights from other farmers. Trading in ewe premium quotas has already begun in the United Kingdom.

The sheepmeat support price was not reduced by CAP Reform, however, market prices may fall. Sheepmeat prices will come under pressure as the beef intervention price is cut and pork and poultry prices fall in response to lower feed costs. Sheepmeat producers will not benefit from the reduction in grain prices to the same extent as other livestock producers.

### Voluntary Restraint Agreements Renegotiated

Trade in sheepmeat with third countries is governed by a series of voluntary restraint agreements (VRAs), the most important of which is with New Zealand, the Community's largest supplier. The New Zealand VRA, renegotiated in 1992, applies for 1 year, and is designed as an interim measure pending the outcome of the current GATT negotiations. The amount of frozen sheepmeat New Zealand is allowed to ship to the EC was maintained at 205,000 tons, with all duty waived. Chilled sheepmeat was included in the VRA for the first time in the 1989 agreement. New Zealand can ship up to 12,000 tons of chilled product (within the 205,000-ton limit) in 1993, an increase of 1,500 tons from the previous year. Demand for chilled sheepmeat is greater than for frozen, and is higher priced.

VRAs were also extended for 1993 for Argentina and Australia. Argentina will ship 19,000 tons, with a ceiling of 1,800 tons chilled. Australia was given a quota of 17,500 tons of which 3,500 tons can be chilled meat. Restraint agreements with Bulgaria, Hungary, Poland, and the Czech and Slovak Republics were extended for 1993. These exporters will also benefit from the waiver of the levy.

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# Dairy

*With closer supply and demand balance in the market for milk, the EC made a number of adjustments to the quota system for 1993/94. The net effect is a quota level similar to that for 1992/93. Plans are to cut the quota up to 2 percent next year. Lower export refunds could very well reduce EC export volumes, depending on world prices. [Daniel J. Plunkett]*

In 1993/94, EC milk production is forecast to decline slightly, dependent upon enforcement of the quota system in Italy, Spain, and Greece. The EC's large milk surplus will continue to be funneled onto world markets through subsidized exports of butter, cheese, milk powder, and other products. Except for cheese, EC exports are expected to decline in 1993, particularly for butter and nonfat dry milk (NFDM), due to lower stock levels, somewhat lower international prices, and lower per unit export refunds. The reform process in the dairy sector continues to avoid major changes. The EC has also banned the use of bovine somatotropin until the year 2000.

## **EC Dairy Farmers Continue To Produce Over Quota**

The EC will once again be the world's largest milk producer in 1993/94, with total volume estimated at 110.7 million tons, about two-thirds more than U.S. production. Germany and France account for about half of total EC production, since 1984 governed by a quota system. In 1992/93, EC producers again exceeded the milk quota, which should mean large penalties to farmers in many countries, such as £10 million in Ireland, although collection of the "superlevy" (115 percent of the milk target price) on overquota production has been very lax in some countries in the past. The oversupply situation in the Community would be worse, except that the new German Länder are producing 25 percent (1.5 million tons) under quota, although deliveries there in the first quarter of 1993 were up for the first time since German unification. EC producer prices were up 2 percent in calendar 1992, but should be lower this year.

In December 1992, the EC statistical agency EUROSTAT showed a decrease of 880,000 dairy cows from the previous year, but there was a parallel increase of 690,000 sucklers. This was undoubtedly due to the increasing premium level for suckler cows (cows which are used to feed calves, but do not produce milk for the market) under CAP Reform. In certain countries, producers may still be marketing milk from these "suckler cows."

## **EC Lowers Export Refunds To Save Money, Lower Milk Price Indirectly**

The outlook is for lower EC exports of dairy products in 1993 and 1994, primarily due to reduced per unit export subsidies. As a means of indirectly lowering the milk price, the EC Commission has reduced the export subsidy 5 percent to 80 ECU (\$110) per ton for butter, 8 percent to 50 ECU (\$68) per ton for NFDM, and 10 percent to 148 ECU (\$203) per ton for cheddar since September 1992 (table 12.1). Further cuts could occur. Since export subsidies can constitute up to

half the price, as is the case for cheese, the competitiveness of EC dairy products on world markets could be reduced, depending on world prices. Another reason the Commission has undertaken this policy is to save money on export refunds. The EC budgeted 2.2 billion ECU (\$2.5 billion) for export refunds on dairy in 1993, with a cut of 20 percent budgeted for 1994.

Lower export refunds should keep more dairy products on the domestic market, putting downward pressure on the price for milk. Due to the price cuts for grains, production costs for dairy farmers should be lower, so the Commission wants dairy prices to decrease as well. The low levels of intervention stocks allow the Commission to de-emphasize export subsidies.

## **EC Still World's Leading Exporter of Dairy Products**

Butter production is forecast to fall 2 percent to 1.58 million tons in 1993/94, after 10-percent drops in each of the past 2 years. The decline in German production is expected to slow considerably, while Spanish and Italian production could also contract. EC public stocks stood at about 175,000 tons in mid-1993.

Butter consumption should remain at 1.5 million tons in 1993/94, after falling 8 percent in 1992. There is an ongoing drop in household consumption of butter, with significant growth in consumption of reduced fat and mixed fat products, often with only a low dairy content. Margarine use remains

Table 12.1: EC export refunds for dairy 1/

Product	Unit value of subsidy	
	ECU per ton	Dollars per ton 2/
Butter	1,600	2,191
Butteroil	2,060	2,821
Nonfat dry milk	600	822
Whole milk powder	1,110	1,520
Cheddar	1,369	1,875
Condensed milk	289	396

1/ As of July 1, 1993.

2/ \$1.13/ECU and 1.21 switchover coefficient.

Source: Agra Europe, June 25, 1993.

steady. The Commission notes that "the situation on the market for milk fat gives cause for much greater concern than the situation for milk protein." In 1992, 41 percent of butter production was sold with an EC subsidy, including export subsidies, as opposed to 33 percent in 1990. The EC's milkfat surplus is expected to worsen in the years to come.

EC exports of butter and butteroil are forecast to be down slightly in 1993/94, after shipping a total of 225,000 tons the year previous, including 40,000 tons to the former Soviet Union at reduced prices and 5,500 tons in food aid to Albania. Lower German production reduced exports from 71,000 to 23,000 tons in 1992/93, making the Netherlands the leading exporter with over 50,000 tons. Under an extension of the U.K.'s accession arrangements, the maximum butter import quota for New Zealand was set at 52,000 tons in 1993, down from 55,000 tons in 1992, with a levy of 3.4 ECU (\$3.86) per ton--compared to a levy for other countries of about 2,300 ECU (\$2,608) per ton. This 20-year-old arrangement accounts for the greater part of EC imports of butter.

EC production of NFDM is expected to be stable at 1.2 million tons. A 20-percent decline in 1992/93 reflected decreased milk deliveries, a shift to fresh products, and a 20-percent rise in EC production of casein. The volume of liquid skim milk used for the manufacture of casein rose by a third to 5 million tons in 1992/93, reducing the skim milk supply available for NFDM production. To lessen the pressure on the market for NFDM, the EC reduced the subsidy for processing liquid skim milk to casein by 10 percent in February 1993. The EC also reduced the minimum content of NFDM required to receive the subsidy for incorporation into calf feed from 50 percent to 35 percent. In 1992, about 70 percent of EC production of NFDM, or 805,000 tons, benefitted from this subsidy, although more whey may be used in feed in the future. The reduction in the veal feed subsidies appears to have taken hold, because NFDM feed demand is expected to fall as much as 25 percent in 1993/94. Public stocks of NFDM were reduced drastically over the course of 1992, from 414,000 tons to 47,000 tons. By mid-1993, stock levels were down to about 30,000 tons, keeping internal EC prices high.

NFDM exports are expected to decline to about 276,000 tons due to the lower levels of beginning stocks. The German statistical agency ZMP reports that NFDM exports in 1992/93 were substantially higher at 389,000 tons, of which 94,000 tons were supplied as food aid. Besides the drawdown in stock levels, another reason for increased exports was that export refunds remained at high levels while NFDM incorporation subsidies were reduced midway through 1992. Germany was the leading exporter of NFDM with 102,000 tons, followed by the Netherlands with 95,000 tons.

Cheese continues to be a strong sector for the EC, although its growth rate is declining due to the global recession. Production in 1993/94 is expected to be slightly under 5.1 million tons, up only 1 percent after a 3-percent increase the year previous. Growth in consumption should also slow to about 1.5 percent in 1993/94. In the Netherlands, for the first time cheese production took more than half of all milk delivered to dairies in 1992/93. According to ZMP, EC cheese exports totaled 461,500 tons in 1992. Denmark was the leading

cheese exporter, with 136,000 tons in 1992/93, although its sales of cow-milk feta to Iran fell 60 percent to 20,000 tons due to hard currency constraints. The Netherlands exported over 100,000 tons of cheese, mostly to the United States, with France next at 85,000 tons. The EC imports about 125,000 tons of cheese a year, similar to the U.S. level. Whereas the United States imported over 70,000 tons of cheese from the EC in calendar year 1992, the EC only bought 208 tons of cheese from the United States.

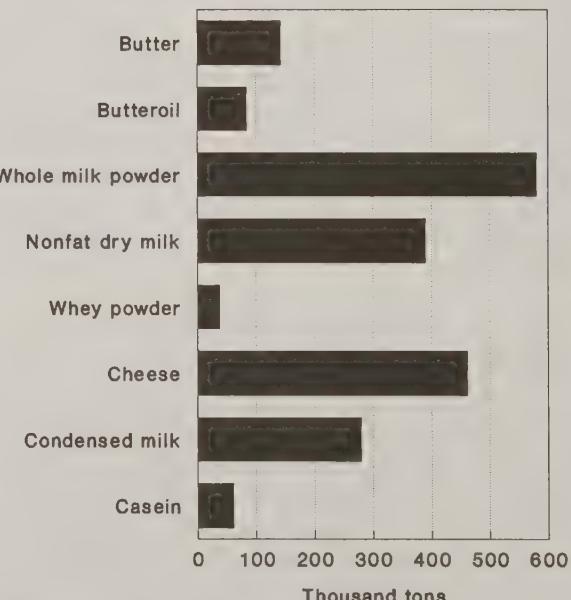
Besides the three main dairy products, the EC also exports large amounts of other dairy products in an attempt to dump its surplus, the expected outcome of such a distortionary regime. According to ZMP, 1992 exports of whole milk powder totaled 580,000 tons, condensed milk 280,000 tons, casein 62,000 tons, and whey powder 38,000 tons (figure 12.1). One factor which could lead to lower exports is the increasing consumption of fresh products in the EC, such as liquid milk, which increased 3 percent to 27 million tons (one-quarter of total production).

#### ***Codification and Simplification Reduce Quota 2.4 Percent, Most Restored Later***

In the CAP Reform of May 1992, the EC decided to extend the milk quota system until the 1999/2000 marketing year and in the process sort out the legislative tangle left after constant adjustments to the quota regime since its institution in 1984. This codification and simplification of the quota regime, completed early in 1993, updated the basis for allocation of quota volumes to those levels in force for 1991/92. After the simplification, the guaranteed total quantities allocated to each member state added up to 107 million tons (table 12.2), 2.4 percent less than for the previous 2 marketing years.

Figure 12.1

#### **EC Exports of Dairy Products, 1992**



Source: ZMP.

Most of this reduction came out of the national reserves, i.e. quantities allocated to the member state, not individual producers. By cleaning up the rules, the EC Commission managed to reduce the milk quota 2.6 million tons. By the end of the price package negotiations in May 1993, however, the EC quota was built up to within 0.5 percent of the level for 1992/93.

The codification and simplification procedure also partially liberalized the transfer of dairy quota within a member state. The most important principle established is that quota volumes can be transferred without a transfer of land. Acceptable reasons include the improvement of producer structures, environmental factors, or the encouragement of extensification.

### **CAP Reform Quota Cuts Deferred, 2-Percent Cut To Be Considered in 1994**

Policy changes agreed upon so far under CAP Reform have been a far cry from the original proposals for a 3-percent cut in the milk quota, 15-percent price cut for butter, and 5-percent price cut for nonfat dry milk. Instead, in this first year of the reform, the EC eliminated the coresponsibility levy, gave back the quota it took away in the simplification, and decided to

cut the butter price by 3 percent this year and 2 percent in 1994/95.

As part of CAP Reform, the Council of Ministers decided to consider reducing the milk quota by 2 percent over 2 years. In March, the EC decided to postpone the 1-percent cut in the global quota foreseen for 1993/94, but to consider cutting up to 2 percent for 1994/95. This postponement came in response to a Commission report on the dairy sector which saw a "glimmer of improvement in the market." The Commission cited the 2-percent quota cut in 1991/92, the Community buy-up program from that year, as well as the marked production drop in the new Länder as bringing the market for milk into better equilibrium.

As agreed under CAP Reform, the coresponsibility levy of 1.5 percent of the intervention price on all milk deliveries was abolished, removing one of the few disincentives to production. With the minimal price reductions, this should offset lower prices. Lower feed costs should do so as well. Some member states proposed reintroducing the 4.5-percent quota volumes suspended in 1987, but these were in fact permanently lost during CAP Reform, although farmers had received compensation for 5 years. As a gift, the Commission

Table 12.2: Changes to the EC milk quota for 1993/94

	Global quota 1992/93 1/	Quota after codification and simplification 2/	Extra quota to ensure compliance 3/	Final quota after price package 4/
----- Thousand tons -----				
Belgium	3,364	3,291	--	3,310
Denmark	4,525	4,429	--	4,455
Germany 5/	28,587	27,699	--	27,865
Greece	581	531	100	631
Spain 6/	5,079	5,067	500	5,567
France	24,613	24,091	--	24,236
Ireland	5,301	5,214	--	5,246
Italy	9,382	9,030	900	9,930
Luxembourg	272	267	--	269
Netherlands	11,213	11,009	--	11,075
Portugal	1,900	1,861	--	1,872
United Kingdom	14,789	14,503	--	14,590
Total EC milk quota	109,606	106,992		109,046

-- = none.

1/ These figures are from the CAP Monitor.

2/ These figures are ERS estimates on the basis of Commission Document (93)109 and Regulation 1560/93.

3/ These countries were awarded additional quota in return for finally implementing the quota system.

4/ 9 member states received 0.6 percent more quota. Final totals from Regulation 1560/93.

5/ Includes 6,253 million tons for the former GDR.

6/ The extra quota for Spain was included in that country's total in COM(93)109.

Sources: EC Commission; CAP Monitor; ERS estimates.

came up with 40 million ECU (\$45 million) for redistribution of quota.

### **Large Milk Quota Increases for Italy, Spain, and Greece**

In the late stages of the CAP Reform negotiations, three southern member states asked for more milk quota. Although the quota system has been in place since 1984, Greece, Italy, and Spain still had not implemented the system, and were producing too much milk. The Council of Ministers agreed to consider an increase in quota levels for these countries "in order to permit a rapid transition to full compliance with the quota arrangements."

To receive more quota, these countries had to assign producers individual reference quantities, designate a central agency responsible for collecting the superlevy on overquota production, and actually collect the levy. Only at the end of the 1993/94 marketing year will it be possible to see if these countries in fact collect the superlevy from individual producers who exceed their reference quantities. At 1992/93 prices, every 100,000 tons of overquota production should have resulted in 36.2 million ECU (\$41 million) in superlevy revenue for the EC budget. In 1991/92 alone, Italian producers should have paid 905 million ECU (\$1 billion) and Spanish producers 543 million ECU (\$616 million) in superlevy. In that year, the EC only collected 352 million ECU (\$399 million) from all EC producers for both the coresponsibility levy and the superlevy.

Italy will provisionally get 900,000 tons, Spain 500,000 tons, and Greece 100,000 tons additional delivery quota for 1993/94, which can become permanent with successful implementation of the quota system. The Commission justification for granting the additional quota is that national buy-up schemes should lead to decreases of 800,000 tons in Spain and 1.6 million tons over 3 years in Italy.

Other member states objected strongly to rewarding these countries' failure to correctly adhere to the rules. In the price package negotiations in May 1993, the Commission agreed to grant an extra 0.6 percent quota to the remaining member states. These extra 500,000 tons will go back into the depleted national reserves to supply the SLOM III producers and other priority farmers, such as in mountainous regions in France.<sup>1</sup> The Commission announced a total of 360 million ECU (\$408 million) for all SLOM producers as compensation for denying them quota rights from 1984 to 1989.

<sup>1</sup> SLOM is Dutch for slaughter and herd conversion, an EC program from the 1970s that paid farmers not to produce milk. Those in the program were denied quota rights at the institution of the quota, leading to a series of lawsuits. The SLOM III producers are those who bought or inherited the right to quota volumes.

In July 1993, the Commission decided to collect about 1.5 billion ECU (\$1.7) from Italy, 1 billion ECU (\$1.3 billion) from Spain, and 5 million ECU (\$6 million) from Greece in unpaid superlevy for the years 1988/89 to 1992/93. The penalty would have been double these amounts, except that the Commission agreed to backdate the recent quota increases. It seems that no superlevy will ever be collected from these countries for the previous 5 years of operation of the quota system.

To sum up the quota situation, the EC has implemented neither the 3-percent quota cut in the original MacSharry proposal, nor the 2-percent quota cut envisioned in the final CAP Reform package. While the codification and simplification effectively reduced the quota by more than 2 percent, additional quantities granted to past noncompliers and extra volumes given back to the other EC members leave the 1993/94 milk quota at 109 million tons, slightly less than in 1992/93.

### **EC Commission Recommends Banning Growth Hormone until 2000**

The EC Commission has recommended extending the ban until the year 2000 on the marketing and use of bovine somatotropin (bST), a synthetic growth hormone that can raise milk yields 20 percent. The EC recognizes that bST meets the requirements for quality, efficacy, and safety, but has concerns about the "fourth criterion," i.e. socioeconomic effects. The Commission fears that bST would accelerate the trend towards fewer, larger dairy farms, exacerbate the beef surplus, and reduce consumer demand. The moratorium on the marketing and use of bST has been repeatedly extended even though the EC's Committee for Veterinary Medicinal Products and its bioethics group are in favor of approving bST. The Council of Ministers is scheduled to vote on the ban in September.

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## U.S.-EC Blair House Agreement

In November 1992, bilateral negotiations produced a common U.S.-EC position with respect to several unresolved issues in the agriculture negotiations of the Uruguay Round. The agreement, reached at Blair House, also contains side accords that address U.S.-EC disputes on oilseeds, corn gluten feed, malted barley sprouts, and the Enlargement Agreement.  
[Michael T. Herlihy, Joseph W. Glauber, and James G. Vertrees]

In December 1991, Arthur Dunkel, then Director-General of the General Agreement on Tariffs and Trade (GATT), released the "Draft Final Act" containing draft final texts for all areas of the Uruguay Round negotiations. The document was to serve as the basis for concluding the Uruguay Round. The United States and most other GATT members were prepared to accept the "Dunkel Text" as the basis for concluding the agriculture negotiations. However, the European Community (EC), Japan, Korea, and a few other countries rejected key provisions of the text on agriculture.

As the two principal players in the agriculture negotiations, the United States and the EC (represented by the Commission) engaged in bilateral discussions to work out an approach that would allow the negotiations to conclude. The agreement reached at Blair House<sup>1</sup> on November 20, 1992, was the culmination of nearly a year of these bilateral negotiations (see table 13.1). The agreement would require specific changes to the Dunkel Text. Under the Blair House Agreement, the United States and EC agree to support a Uruguay Round agreement for agriculture that would:

- cut the volume of subsidized exports by 21 percent and the annual expenditure for export subsidies by 36 percent,
- reduce internal support by 20 percent as measured by a Total Aggregate Measure of Support (AMS)<sup>2</sup> for the whole sector,
- exempt direct payments to producers that meet production-limiting criteria from the commitments to reduce internal support, and
- exempt certain policies from challenges in the GATT.

The Blair House Agreement addressed another sensitive Uruguay Round issue--the EC's desire to restrict imports of non-grain feed ingredients (rebalancing). Some key Uruguay Round issues, principally those relating to market access, were not addressed in the Blair House Agreement and are still being negotiated.

In addition to Uruguay Round issues, the Blair House Agreement also contains side accords that address a host of long-

standing transatlantic trade disputes. Agreements were reached on disputes over EC production subsidies for oilseeds, restrictions on imports of corn gluten feed and malted barley sprouts, and continued access for U.S. feed grains to the Spanish market under the U.S.-EC Enlargement Agreement.

The December 1991 Draft Final Act and the November 1992 Blair House Agreement are the current working documents for the GATT negotiations on agriculture. They provide the basis for moving the Uruguay Round to a successful completion. While other GATT member countries are not party to the Blair House Agreement, it has considerable multilateral support although it is not yet a multilateral agreement.

### Uruguay Round Issues

#### Export Subsidies

The United States and the EC reached an agreement on export subsidies that requires cuts in the quantity of subsidized exports of 21 percent over 6 years from a 1986-90 base. Under the Dunkel Text, the quantity of subsidized exports would have been cut by 24 percent. The cut in the annual expenditure for export subsidies is the same as under the Dunkel Text, 36 percent of average annual expenditures during 1986-90. The quantity and expenditure cuts apply on a product-by-product basis (no aggregation of product groups, i.e., into categories such as total grain, meat, or milk). Processed products are not subject to the volume commitment and bona fide food aid exports are not covered by either the volume or expenditure commitments.

The Blair House Agreement also clarifies the Dunkel Text provision on flexibility for export subsidy commitments. In the first year, the volume of subsidized exports must be reduced by the amount that would apply if equal cuts were made over the 6-year implementation period. In the second through fifth years, the maximum flexibility is half the annual linear cut, 1.75 percent  $[(21 \text{ percent} / 6) \times 0.5]$ . Once fully used, flexibility cannot be used again until it is "paid back," i.e., until the cumulative level of subsidized exports is equal to that under a linear cut. Total subsidized exports over 6 years cannot exceed the level under a straight linear cut.

Because the reductions in subsidized exports must be made from the levels during the 1986-90 base period, the percentage cut from current levels will vary. Under the Blair House Agreement, the United States would cut the volume of subsidized exports by 2 percent to 81 percent from 1992 levels

<sup>1</sup> The President's official guest house, referred to as Blair House, is located across the street from the White House at 1651 Pennsylvania Avenue.

<sup>2</sup> See the glossary of terms at the end of this article for a definition.

Table 13.1: Summary of Blair House Agreement

Area of negotiations	Terms of the Agreement
<b>URUGUAY ROUND</b>	
Export subsidies--volume	<ul style="list-style-type: none"> <li>* 21-percent reduction in quantity of subsidized exports from 1986-90 base.</li> <li>* Cuts apply on a product-by-product basis (no aggregation of product groups).</li> <li>* Flexibility in second through fifth years equal to half the annual linear cut (1.75 percent).</li> <li>* Food aid and exports of processed products are not subject to volume commitments.</li> </ul>
Export subsidies--expenditure	<ul style="list-style-type: none"> <li>* 36-percent reduction in annual expenditure on export subsidies from 1986-90 base.</li> <li>* Cuts apply on a product-by-product basis (no aggregation of product groups).</li> <li>* Food aid exports are not subject to the expenditure commitments.</li> </ul>
Export credits	<ul style="list-style-type: none"> <li>* Members will work to develop internationally agreed-to disciplines for export credits.</li> <li>* After agreement on disciplines, members will "provide export credits, export credit guarantees, or insurance programs only in conformance therewith."</li> </ul>
Internal support	<ul style="list-style-type: none"> <li>* Measured by Total AMS equal to commodity specific AMSSs and equivalent commitments.</li> <li>* 20-percent reduction for Total AMS in equal annual installments from 1986-88 base.</li> <li>* Direct payments under "production limiting programs" are not subject to reduction.</li> </ul>
Rebalancing	<ul style="list-style-type: none"> <li>* Consultations if EC non-grain feed imports "undermine implementation of CAP Reform."</li> </ul>
"Peace Clause"	<ul style="list-style-type: none"> <li>* Exempts certain policies from GATT challenges (see table 13.3).</li> </ul>
<b>BILATERAL ISSUES</b>	
Oilseeds	<ul style="list-style-type: none"> <li>* Establishes an area-based payment trigger for oilseed producers. The EC-12 base is set at 5.128 million hectares from 1995/96.</li> <li>* Base area is reduced by arable crop set-aside rate or 10 percent, whichever is greater.</li> <li>* Oilseed area receiving compensation must not exceed the base area minus the required set-aside (area trigger).</li> <li>* Oilseed payments will be cut by 1 percent for every 1 percent overshoot of area trigger.</li> <li>* Cuts in payments will be carried over through following marketing years and will accumulate until compensated area falls below the trigger.</li> <li>* A limit is placed on production of oilseeds for industrial uses on set-aside land of 1 million tons annually expressed in soybean meal equivalents.</li> <li>* Growers of confectionery sunflowerseeds will not receive oilseed payments.</li> <li>* If the EC expands, the base area will be increased by no more than the average oilseed area in the new countries in the 3 years preceding their accession.</li> <li>* EC grants tariff-rate quota of 500,000 tons of corn into Portugal as compensation to U.S.</li> <li>* EC will incorporate oilseeds pact into its schedule of commitments for Uruguay Round.</li> <li>* U.S. agreed to "forego any further compensation claim for impairment of the binding."</li> <li>* If U.S. or EC feel agreement has been breached, they agree to binding GATT arbitration.</li> </ul>
Corn gluten feed	<ul style="list-style-type: none"> <li>* More precisely defines the production practice for corn gluten feed.</li> <li>* Pending agreement on tests, microscopic analysis will not be used to determine content.</li> <li>* Corn Refiners Association and USDA will work to certify starch, fat, and protein content.</li> <li>* EC will refund all levies and bonds and reestablish normal customs clearance procedures.</li> </ul>
Malted barley sprouts	<ul style="list-style-type: none"> <li>* Malt sprout pellets will be classified under HS 2309 beginning Jan. 1, 1993.</li> <li>* Imports before Jan. 1, 1993 will be assessed a zero duty and the EC will refund all levies.</li> <li>* An interim tariff-rate quota of 35,000 tons at zero duty is set from Jan. 1 to March 31, 1993.</li> <li>* A tariff-rate quota for 85,000 tons at zero duty is set from April 1 to Dec. 31, 1993.</li> <li>* An annual tariff-rate quota will be set for 120,000 tons at zero duty for subsequent years.</li> </ul>
Enlargement Agreement	<ul style="list-style-type: none"> <li>* Extended for another year, through December 31, 1993.</li> </ul>

depending on the commodity (table 13.2). EC cuts would range from 10 percent to 40 percent. For both the United States and the EC, subsidized exports of some commodities, e.g., U.S. poultry meat and EC butter, could actually increase because current levels are less than in the 1986-90 base.

Multilateral cuts in subsidized exports would greatly benefit the United States. For example, EC-subsidized wheat exports would decline by over 7 million tons from current levels. The United States subsidizes exports to counter the export subsidies of other countries, mainly the EC. Only a small share of U.S. agricultural exports is subsidized, but nearly all EC exports are directly subsidized. The EC spent about \$25 in export subsidies for every \$100 of exports in 1990, while U.S. export subsidies were only about \$1 for every \$100 of exports. With multilateral cuts in export subsidies, the United States can cut export subsidies and still be competitive.

### **Export Credits and Credit Guarantees**

Article 10 of the Draft Final Act on Agriculture, "Prevention of Circumvention of Export Competition Commitments" states that members will not provide export credits, export credit guarantees, or insurance programs other than "in conformance with internationally agreed disciplines." The Organization for Economic Cooperation and Development has developed guidelines for officially supported export credits, but they only apply to sales of manufactured goods and/or services (OECD 1992). Currently, there are no internationally agreed-to disciplines on export credits that cover agricultural commodities.

Under the Blair House Agreement, the United States and the EC agreed to revised language for Article 10. The new language states that members will "work toward the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programs and, after agreement on such disciplines, to provide export credits, export credit guarantees or insurance programs only in conformance therewith."

Table 13.2: Subsidized exports in sixth year under Blair House Agreement

Commodity	U.S.	EC
---Percent change from 1992---		
Wheat	-28	-30 to -40
Coarse grains	-2	-30 to -40
Vegetable oils	-81	NA
Beef	NA	0 to -10
Poultry meat	6 1/	-25 to -35
Butter	-69	45 to 55 1/
Cheese	-20	-25 to -35
Skim milk powder	-15	20 to 25 1/

1/ Positive number means that subsidized exports could be increased compared to 1992.

Source: Based on country schedules and estimates of 1992 subsidized exports.

### **Internal Support**

The United States and the EC agreed to measure internal support as a Total AMS that is equal to the sum of all commodity-specific AMSs and equivalent commitments. The Total AMS is reduced by 20 percent in equal annual installments from a 1986-88 base. Credit is given for reductions in internal support since 1986. At the end of the implementation period, the Total AMS will be bound in the GATT.

Under the Dunkel Text, support measures agreed upon as non-trade distorting are exempt from any reduction commitments. These permitted or "green box" policies include conservation measures, crop insurance, disaster assistance, extension programs, and income payments that are not tied to current production.

Under the terms of the Blair House Agreement, direct payments under production-limiting programs are not subject to the commitment to reduce internal support for the period covered by a Uruguay Round agreement. Direct payments that meet the criteria are excluded from the calculation of a total AMS. The agreement specifies the following criteria:

- payments are based on fixed areas and yields, or
- payments are made on no more than 85 percent of the base level of production;
- livestock payments are made on a fixed number of head.

Both U.S. deficiency payments and EC direct payments implemented under the reform of the Common Agricultural Policy (CAP) would not be subject to the reduction commitments during the implementation period for this round. In contrast to this limited exemption, the EC had argued for a "safe box" in which CAP Reform payments would be exempt from reductions in internal support and from countervailing duty actions and other GATT challenges.

No changes would be required in U.S. policies to meet a 20-percent cut in internal support. Policy changes contained in the 1985 and 1990 farm bills and budget legislation have already reduced support substantially for most commodities. The EC also would be able to meet the 20-percent cut in internal support under current policies.

### **Rebalancing**

Corn gluten feed, corn germ meal, citrus pellets, and other non-grain feeds enter the EC duty-free or at relatively low tariffs as a result of negotiations in previous GATT rounds. Because non-grain feeds imported at or near world prices compete with much higher-priced EC-produced feeds, the EC has proposed several measures to limit non-grain feed imports. Past proposals included increased tariffs, voluntary restraint agreements, import quotas, and a tax on vegetable and marine fats and oils. The EC also has proposed, as part of its negotiating position for the Uruguay Round, that it be allowed to "rebalance" support and protection for directly competing products, e.g., exchange reductions in support for grains for increased protection on non-grain feed imports. The United

Table 13.3: Comparison of GATT rules provisions of Blair House agreement and Dunkel Draft Final Act

GATT challenges	Domestic supports			Export subsidies
	"Green box"	Not subject to reduction	Subject to reduction	
Countervailing duties	Blair House: exempt Dunkel: exempt	Blair House: due restraint and material injury 1/ Dunkel: not addressed	Blair House: due restraint and material injury 1/ Dunkel: not addressed	Blair House: due restraint and material injury 1/ Dunkel: not addressed
Serious prejudice	Blair House: exempt Dunkel: not addressed	Blair House: exempt (subject to 1992 cap) 2/ Dunkel: not addressed	Blair House: exempt (subject to 1992 cap) 2/ Dunkel: presumed exempt	Blair House: exempt Dunkel: presumed exempt
Nullification or impairment	Blair House: exempt Dunkel: not addressed	Blair House: exempt (subject to 1992 cap) 2/ Dunkel: not addressed	Blair House: exempt (subject to 1992 cap) 2/ Dunkel: due restraint	Blair House: not addressed Dunkel: due restraint

1/ A determination of injury or threat of injury must be established in accordance with Article VI of GATT 1993 and Part V of the Subsidies Agreement. Blair House requires due restraint be shown in initiating any countervailing duty investigations.

2/ Direct payments not subject to reduction and other domestic supports that are subject to reduction are exempt from nullification and impairment actions and serious prejudice actions provided that "such measures do not grant support to a specific commodity in excess of that decided during the 1992 marketing year."

States has strongly opposed any attempt by the EC to restrict imports of non-grain feeds.

The EC non-grain feed market is very important to the United States. U.S. exports of non-grain feeds to the EC, excluding oilseeds, amounted to about \$984 million in 1991. Corn gluten feed shipments alone accounted for \$717 million, over 70 percent of the total. Corn gluten feed is the second largest U.S. agricultural export to the EC after soybeans.

Under the Blair House Agreement, the United States and the EC agreed that if "EC imports of non-grain feed ingredients increase to a level, in comparison with the level of imports in 1986-90, which undermines the implementation of CAP Reform, the parties agree to consult with a view of finding a mutually acceptable solution."

#### ***"Peace" Clause***

The United States and the EC agreed that during the implementation period for a Uruguay Round agreement, permitted (green box) policies are exempt from countervailing duty actions and other GATT challenges (nullification or impairment actions, serious prejudice actions).

Direct payments not subject to reduction commitments during this round, and other domestic supports that are subject to reduction would be exempt from nullification or impairment actions and serious prejudice actions provided that "such measures do not grant support to a specific commodity in excess of that decided during the 1992 marketing year."<sup>3</sup> Export subsidies would be exempt from serious prejudice actions.

The exemptions to GATT challenges only apply as long as the reduction commitments and other disciplines agreed to under a Uruguay Round agreement on agriculture are respected. In addition, if support rose above the levels agreed to in 1992, the United States could bring nullification or impairment actions and serious prejudice actions in the GATT. Actions such as these led to the recent GATT oilseed panels.

Direct payments not subject to reduction commitments, as well as other domestic supports and export subsidies that are subject to reduction, would not be exempt from countervailing duty actions. Countervailing duty actions may only be undertaken after a determination of injury or threat of injury has been established in accordance with Article VI of the GATT 1993 and Part V of the Subsidies Agreement. In addition, the Blair House Agreement stipulates that due restraint must be shown in initiating any countervailing duty investigations. See table 13.3 for a comparison of proposed GATT rules provisions of the Blair House Agreement and the Draft Final Act.

<sup>3</sup> Direct payments and other support measures provided for under CAP Reform are being phased in over a 3-year period beginning with the 1993/94 marketing year. However, since CAP Reform was adopted in July 1992, CAP Reform supports would be exempt from nullification or impairment actions and serious prejudice actions as long as support did not exceed that agreed to in 1992.

## Bilateral Agreements

### *Memorandum of Understanding on Oilseeds*

The Memorandum of Understanding on Oilseeds resolved the U.S.-EC dispute over EC oilseed subsidies. The EC agreed to modify its existing oilseed regime, implementing changes that will take effect with oilseeds harvested in 1994. The main provisions of the agreement are:

- An area-based payment trigger is established for oilseed producers. The base (area planted to rapeseed, sunflowerseed, and soybeans) is set at 5.128 million hectares for the EC-12 for the 1995/96 marketing year.
- A transitional regime applies for the 1994/95 marketing year. Individual base areas, that count against the EC-12 total, are set for sunflowerseed in Spain (1.411 million hectares) and Portugal (122,000 hectares) in recognition of EC commitments under the Treaties of Accession. The EC-12 base area for other oilseeds is set at 3.966 million hectares.
- The base area is reduced in each year by the set-aside rate for arable crops, or 10 percent, whichever is greater.
- EC oilseed compensation payments will be cut if the oilseed acreage receiving compensation exceeds the base area minus required set-aside (area trigger). For every 1-percent overshoot of the area trigger, compensation payments to oilseed producers will be reduced by 1 percent in the same marketing year. In addition, the cut in compensation payments will be carried over through the following marketing years and will accumulate until compensated area falls below the trigger.
- A limit is placed on production of oilseeds for industrial uses on set-aside land. The United States and the EC agree that if "the byproducts made available as a result of the cultivation of oilseeds on land set aside for the manufacture within the Community of products not primarily intended for human or animal consumption exceed 1 million metric tons annually expressed in soybean meal equivalents, the EC shall take appropriate corrective action within the framework of the CAP Reform."
- Beginning with the 1994 harvest, confectionery sunflowerseed producers will not be eligible for oilseed payments. Under CAP Reform, confectionery sunflowerseed producers were eligible for oilseed payments.
- If the EC expands to include new members, the base area will be increased by no more than the average oilseed area in the acceding countries in the 3 years immediately preceding the accession.
- The EC agreed to grant a tariff-rate quota for imports of 500,000 tons of corn into Portugal as compensation for damage to U.S. oilseed exports caused by EC subsidies and aids under the old oilseed regime. The quota will begin with the 1993/94 marketing year and will continue for an open-ended term. The within-quota tariff rate will be

bound at a level that will ensure that the quota will be filled. The EC Commission has indicated it will apply the corn imported under the tariff-rate quota toward any market access commitments contained in a final Uruguay Round agreement.

- The EC agreed to incorporate the commitments specified in the Memorandum of Understanding on Oilseeds into the EC schedule of domestic support commitments to be annexed to the Uruguay Round Protocol to the GATT.
- The United States agreed to "forego any further compensation claim for impairment of the binding." If either the United States or the EC believes the agreement has been breached, the parties agree to undertake binding arbitration in the GATT.

### *Corn Gluten Feed*

Since the end of 1990, U.S. corn gluten feed shipments to the EC have been hampered by the reclassification of shipments to a dutiable category of mixed animal feeds because of the presence of corn germ meal, screenings/cleanings of corn, and yeast from steep water. Corn gluten feed shipments were reclassified on the basis of microscopic analysis which the U.S. considers unreliable. The presence of corn germ meal, screenings/cleanings, or yeast led Customs officials in some EC member states, particularly the Netherlands and Germany, to charge bonds equivalent to the variable levy for mixed animal feeds in spite of the zero-duty GATT binding for corn gluten feed and corn germ meal. This situation created considerable uncertainty and concern among feed importers in the EC and has at times all but halted U.S. shipments of corn gluten feed to major EC ports.

At Blair House, the United States and EC agreed to resolve the outstanding issues related to the duty-free access of corn gluten feed into the Community. The agreement more precisely defines the production practice for corn gluten feed and addresses the issue of microscopic analysis. As a result of the agreement, no further delay in corn gluten feed shipments will occur, all outstanding bonds will be released and all levy demands will be rescinded, and normal customs clearance procedures will be reestablished. The agreement on corn gluten feed includes the following specific provisions:

- Screenings/cleanings - The EC agreed that screenings/cleanings of corn used in the manufacture of starch constitute an acceptable constituent of corn gluten feed. Their inclusion does not alter corn gluten's classification as a residue of starch manufacture (Combined Nomenclature 2303.10.19). The United States agreed that screenings/cleanings may only be derived by wet milling corn for the manufacture of starch and starch products and that screenings/cleanings will not account for more than 15 percent of the weight of the corn gluten feed.
- Steep water - The EC agreed that steep water derived from the corn wet milling process that is currently used in the manufacture of alcohol and other starch derived products is properly classified as a residue of starch manufacture and thus is a proper constituent of corn gluten feed. It is

recognized that the use of steep water for such a process should not result in an increase in the feed value of corn gluten feed.

- Microscopic analysis - The U.S. Corn Refiners Association and the EC Commission will work in collaboration to determine the feasibility of establishing a semi-quantitative method of microscopic analysis for corn germ meal and screenings/cleanings in corn gluten feed. Pending completion of the work and agreement on tests for determining the chemical requirements of the 1991 Memorandum of Understanding on Corn Gluten Feed,<sup>4</sup> microscopic analysis will not be used to determine the amount of corn germ meal and screenings/cleanings in corn gluten feed.
- Certification - The U.S. Corn Refiners Association and USDA's Federal Grain Inspection Service will work to certify that corn gluten feed meets the starch, fat, and protein requirements of the October 1991 Memorandum of Understanding on Corn Gluten Feed.

### **Malted Barley Sprouts**

Malted barley sprouts, or malt sprout pellets, are a byproduct from the process of converting barley into malt. The U.S. has shipped malt sprout pellets to the EC duty-free for over 25 years. During 1992, Irish Customs officials began reclassifying U.S. shipments of malt sprout pellets to the leviable category of mixed animal feeds because the pellets contained both post-malting sprouts and pre-malting screenings. Irish Customs officials charged over \$4 million in levies on U.S. shipments of malt sprout pellets, effectively stopping trade.

The resolution of the malted barley sprouts dispute included an agreement on classification and the level of a zero-duty annual tariff quota. The EC also agreed to refund all variable levies and bonds charged on U.S. shipments in 1992. The provisions of the agreement are as follows:

- Malt sprout pellets, of the quality currently exported to the EC, will be classified under HS 2309 from January 1, 1993.
- Malt sprout pellets imported into the EC before January 1, 1993, will be assessed a zero duty. All levies and bonds charged on imports before January 1, 1993, will be refunded.
- An interim tariff-rate quota of 35,000 tons at zero duty will be set for imports from January 1, 1993, to March 31, 1993.
- From April 1, 1993 through December 31, 1993, a tariff-rate quota will be set for 85,000 tons of imports at zero duty.

- An annual tariff-rate quota will be established for 120,000 tons of imports at zero duty for subsequent years.

### **Enlargement Agreement**

When Spain joined the Community in 1986, its 20-percent duty on feed grains was replaced by the EC's much higher variable levy, cutting off U.S. feed grain exports. The United States negotiated a settlement with the EC under GATT Article XXIV:6 which provides for compensation for any trade loss resulting from the enlargement of a customs union. Under the terms of the agreement, the EC guaranteed that Spain would import 2 million tons of corn and 300,000 tons of sorghum annually for the next 4 years (1987-90). Part of the import requirement could be met through imports of selected non-grain feeds (corn gluten feed, brewers' dried grains, and citrus pulp).

As part of the Blair House Agreement, the U.S. and EC agreed to extend through 1993 the concessions set out in the 1987 U.S.-EC Enlargement Agreement. The agreement, originally set to expire on December 31, 1990, had already been extended for 1991 and 1992.

### **EC Implementation of Blair House Agreement**

The EC Council of Foreign Ministers approved the Memorandum of Understanding on Oilseeds contained in the Blair House Agreement on June 8, 1993. However, the provisions of the oilseeds agreement still have not been officially implemented because the detailed regulations bringing the existing oilseeds regime into compliance with the agreement have not been approved by the Council.

The Council of Ministers has not yet approved the changes to the Dunkel Text that were agreed upon by both the United States and the EC under the Blair House Agreement. In addition, the EC has not implemented either of the agreements it has negotiated with the United States on corn gluten feed, i.e., the October 1991 Memorandum of Understanding or the accord contained in the Blair House Agreement. U.S. exports of corn gluten feed are entering the EC under an interim "cease fire" agreement that has already been extended several times.

On April 23, 1993, the EC published official regulations establishing tariff quotas for certain mixtures of malt sprouts and barley screenings (malted barley sprouts). The Community suspended customs duties and agricultural levies, for January 1 to March 31, 1993, for imports (under Combined Nomenclature 2309.90.31 and 2309.90.41) within the limits of an EC tariff quota of 35,000 tons. The EC established a second tariff quota, suspending customs duties and agricultural levies on 85,000 tons of the same products, for April 1 to December 31, 1993. On the same day the quotas were opened, the EC officially extended the provisions of the U.S.-EC Enlargement Agreement until December, 31, 1993.

<sup>4</sup> On October 15, 1991, the United States and the EC signed an agreement in Geneva on corn gluten feed, "Memorandum of Understanding Reflecting Results of Article XXIII:1 Consultations on European Community Restrictions Affecting Imports of Corn Gluten Feed." The agreement limits the content of starch (maximum 28 percent on a dry matter basis), fat (maximum 4.5 percent on a dry matter basis), and protein (maximum 40 percent) in corn gluten feed.

## Glossary of Terms

**Implementation Period** - The 6-year period beginning on the date of entry into force of a Uruguay Round agreement.

**Aggregate Measure of Support (AMS)** - The annual level of support, expressed in monetary terms, provided for an agricultural product in favor of the producers of the basic agricultural product, or non-product-specific support provided in favor of agricultural producers in general, calculated in accordance with the provisions of Annex 5 to Part B of the Draft Final Act.

**Equivalent Commitment** - The annual level of support, expressed in monetary terms, provided to producers of a basic agricultural product through the application of one or more measures, the calculation of which in accordance with the AMS methodology is impracticable and so is determined in accordance with the provisions of Annex 6 of Part B of the Draft Final Act.

**Total Aggregate Measure of Support (Total AMS)** - The sum of all domestic support provided in favor of agricultural producers, other than support provided under programs that qualify as exempt from reduction under this agreement, calculated as the sum of all AMS calculations for basic agricultural products, all non-product-specific AMS calculations, and all equivalent commitments for agricultural products.

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## CAP Reform Implementation

*The EC Commission, member state governments, and producers began implementing the CAP Reform program adopted in May 1992. The first price reductions have been phased in, as was the set-aside requirement for larger producers who wish to receive direct payments to compensate for price reductions. Some modifications to the program have already been adopted, which may lessen the Reform's impact on EC production and trade.*

[Mary Lisa Madell]

CAP Reform changes the way that support is provided to EC farmers, reducing the amount of support provided through administered prices, and partially replacing it by direct payments. The CAP Reform program includes changes in the support regimes for arable crops (grains, oilseeds, and protein crops), beef, dairy, sheepmeat, and tobacco. Reforms are also planned for the wine, sugar, and fruit and vegetable sectors.

In July 1993, the Commission presented the outline of reform for the wine sector. The proposals call for national quotas, and less direct market support through lower prices for compulsory distillation. Winemaking practices that increase output--such as adding sugar or must to wine--would be limited under the reform. The EC would continue to finance pulling

out vines in order to reduce production. The Council of Ministers must approve the proposals before they can be put into effect.

Support prices were reduced or eliminated for grains, protein crops, dairy, and beef, and new production control measures were implemented for arable crops, beef, sheepmeat, and tobacco. Producers of arable crops will receive direct per hectare payments to compensate for lower prices, and beef producers will receive payments for male bovines and suckler cows in beef herds.

The first CAP Reform price reductions went into effect with the 1993/94 marketing year. Prices for grains were reduced

an average of 22 percent, and prices for beef and butter were cut 5 and 3 percent. The guide prices for protein crops (field peas, beans, and lupins) were eliminated. In addition to these reductions, changes in the agrimonetary system necessitated an additional price cut of just over 1.3 percent for all commodities (see "New Agrimonetary System Promotes Free Trade Within EC").

### **New Administrative Measures Determine Payments, Control Fraud**

To administer a system of direct payments, an EC-wide Integrated Administration and Control System (IACS) was established. Producers must submit official forms detailing their planted and set-aside area, and declaring their bovine animals and ewes eligible for premiums. Completed forms had to be submitted to national agriculture ministries by May 15, and many producers missed the deadline. Producers who submitted their forms late face the loss of 1 percent of support a day for each day past the deadline. Those whose forms were late 20 days or more are to lose their entire entitlement to payments. The Commission has promised leniency in the first year of the transition, and the actual penalties imposed are likely to be less harsh.

The Commission has also detailed measures to combat inaccurate IACS forms. For example, a producer who sets aside 28 hectares, but recorded his set-aside area as 30 hectares, would have his aid for that year reduced by 14 percent - twice the percentage of the error. An error of 20 percent or more would exclude producers from receiving any aid on the area or animals for which they claim payments. Similar penalties apply for livestock payments (see box). Intentional filing of false applications for aid can exclude producers from payments in both the year of the application and the following calendar year.

The forms themselves vary considerably among the 12 member states, and in some countries by region. Farmers in the United Kingdom completed 8-page IACS forms, with the help of a 79-page explanatory booklet. French farmers received an 8-page booklet, and completed a 6-page form. Each German state or Land distributed its own form, and producers whose farms overlap state boundaries must complete two separate forms.

Member state national governments are responsible for enforcing the new system, including carrying out on-site farm inspections. The Commission has mandated that member states conduct inspections of 5 percent of the farms for which arable aid applications were submitted (3 percent in countries where more than 700,000 applications have been filed). In the first year of the Reform, it is likely that fewer farms will actually be inspected. The new administrative systems of national governments were probably not well enough established to process all the applications and conduct inspections between May 15 (when the forms are submitted by producers) and July 15 (the earliest date for the end of the set-aside). Limited enforcement in the initial year of the transition may encourage producers to evade the rules.

### **Regionalization Plans**

Two mechanisms facilitate the administration of the new arable crops regime. Base areas limit the area for which per hectare payments can be received. Yield regions establish the average regional yields used to calculate per hectare payments.

Base areas can be established for individual producers, or for regions. In the initial phase of the Reform, all EC member states have elected to establish regional rather than individual base areas. Most member states lack sufficient data at the farm level to administer a system of individual base areas. In addition, regional base areas take advantage of differences in individual farmers' rotations. While some farmers may plant all their area to eligible arable crops in 1 year, others may be planting part of their area to other crops, such as sugarbeets or potatoes. The area planted to eligible arable crops is more likely to balance out over a regional base area.

The member states are allowed to choose from a variety of methods for calculating per hectare payments. Payments for grains and protein crops must be based on the average grain yield, but the oilseed payment may be calculated using either the average grain or average oilseed yield. Separate yields may be established for calculating compensatory payments for corn. If separate corn yields are used, then a separate base area for corn, with its own set-aside requirement, must also be set up. Yield regions may also differentiate between irrigated and nonirrigated land.

The member states have considerable leeway in drawing up their regionalization plans for the new arable crops regime. The CAP reform legislation does not limit the number of yield or area regions that may be adopted. Consequently, the regionalization plans vary considerably across the EC (table 14.1).

Table 14.2 presents the total of the regional base areas that have been established for each of the member states, as well as the area entered into the set-aside program for the first year of CAP Reform. The actual area planted to arable crops may indeed be larger than the base area. The area entered in the set-aside program may not be area withdrawn from production. Some of the area set aside in 1992/93 may have also been set aside the previous year under either the 5- or 1-year set-aside programs.

Member states have introduced variations in their regionalization plans that were not included in the CAP Reform legislation. For example, France has calculated its regional yields as a weighted average of the average yield in the region (two-thirds weight) and the national average yield (one-third weight). This calculation is designed to provide extra compensation to farmers in lower-yielding regions. However, the oilseed payments are calculated using different grain yields, namely those used in the 1992 oilseeds regime.

The Portuguese regionalization plan does not establish a single yield for the southern part of the country. The plan allocates a specific yield to each holding according to its soil class, and distinguishes among yields depending on the irrigation technique used. Although neither plan meets the criteria of the

## Penalties For Inaccurate IACS Forms

### ***Area aid applications (arable crops)***

Where the actual area found is GREATER than the area declared on the IACS form, the compensation payments are based on the area declared. Where the actual area found is LESS than the area declared, the compensation payments are based upon the area found, but are reduced depending on the size of the error.

<b>Error</b>	<b>Penalty</b>
Actual area is more than 2 percent (or 2 hectares) but less than 10 percent LESS than area declared.	Compensation is reduced by twice the percentage of the error.
Actual area is more than 10 percent but less than 20 percent LESS than area declared.	Compensation is reduced by 30 percent.
Actual area is more than 20 percent LESS than area declared.	No compensation is provided.

### ***Livestock aid applications***

Where the number of animals which a farmer declares on the IACS form is GREATER than the number actually found on the farm, the compensation is calculated based on the number actually found, subject to the following reductions.

<b>Error</b>	<b>Penalty</b>
<b><u>Farms with fewer than 20 head</u></b>	
Declared number of animals is no more than 2 head GREATER than actual number.	Compensation is reduced by the percentage of the error.
Declared number of animals is more than two head but fewer than 4 head GREATER than actual number.	Compensation is reduced by twice the percentage of the error.
Declared number of animals is more than 4 head GREATER than actual number.	No compensation is received.
<b><u>Farms with more than 20 head</u></b>	
Declared number of animals is no more than 5 percent GREATER than actual number.	Compensation is reduced by the percentage of the error.
Declared number of animals is more than 5 percent, but less than 10 percent GREATER than actual number.	Compensation is reduced by 20 percent.
Declared number of animals is more than 10 percent but less than 20 percent GREATER than actual number.	Compensation is reduced by 40 percent.
Declared number of animals is more than 20 percent GREATER than actual number.	No compensation is received.

Table 14.1: CAP Reform regionalization plans by member state 1/

Country	Number of base areas	Number of yield areas	Oilseeds payment based on	Separate corn regions	Irrigated yield regions
Belgium	2	13	Oilseeds yield	Yes	No
Denmark	1	1	Oilseeds yield	No	No
France	13	105	Grains yield 2/	Yes	Yes
Germany	16	25	Oilseeds yield	Yes	No
Ireland	1	2	Oilseeds yield	Yes	No
Netherlands	1	2	Grains yield	Yes	No
Portugal 3/	3	15	Grains yield	No	Yes
Spain	18	29	Grains yield	Yes	Yes
United Kingdom	5	6	Oilseeds yield	No	No

1/ Data for Greece, Italy, and Luxembourg not available.

2/ France has 3 zones for the calculation of the oilseeds payment. Therefore, grains and oilseed payments use different grains yields.

3/ An additional 5 yield regions are established around Drado, in the western region.

Source: Agra Europe.

CAP Reform legislation, the Commission has allowed Portugal to use its plan for 1993/94, and France will be able to continue its plan permanently.

### ***Linseed Included in Arable Regime From 1994/95***

In the initial year of CAP Reform, producers growing linseed did not have to count linseed area when calculating their set-aside requirement. The linseed support system, which provided a per hectare production aid to farmers, was not modified as part of the reform of the oilseeds regime in 1992.

Linseed will be included in the new arable crops regime beginning with the 1994/95 marketing year. The arable crops base area will be expanded to account for linseed area during the base period (1989 to 1991), and linseed area will be subject to the set-aside requirement. The compensation payment for linseed is set at 78 ECU (\$107) per ton for 1994/95, and the per hectare payment will be calculated with reference to the regional average cereals yield.

### ***Nonrotational Set-Aside***

Professional EC arable crops producers, defined as those who apply for compensatory payments on area capable of producing more than 92 tons of cereals, are required to set aside part of their land in order to qualify for per hectare payments. Under CAP rules, they may opt for either a rotational or nonrotational set-aside program. Only the rotational program was available for the 1993/94 marketing year, and a 15-percent set-aside rate was set. Land entered in the rotational program can not be set aside again for 5 years.

In May 1993, the EC Commission determined that the nonrotational set-aside rate should be set 5 percentage points above the rotational rate. Because producers would remove their least productive land from production for a nonrotational

Table 14.2: Base area and set-aside area by member state

	Base arable area	Area set-aside in 1992/93 1/	Percent of base area set aside
	---1,000 hectares---		---Percent---
Belgium 2/	521.3	38	7.3
Denmark	2,107.4	227	10.8
Germany	9,820.6	953	9.7
Greece	1,491.7	25	1.7
Spain	9228.8	739	8.0
France	13,522.0	1,468	10.9
Ireland	345.0	30	8.7
Italy	5,800.0	202	3.5
Netherlands	436.3	10	2.3
Portugal	1,054.0	38	3.6
UK	4,407.3	548	12.4
EC Total	48,734.4	4,278	8.8

1/ EC Commission forecast.

2/ Includes Luxembourg.

Source: Agra Europe.

set-aside, a higher rate is necessary to achieve a reduction in output equivalent to the rotational program. The decision of which program to participate in rests with the producer, rather than the member state. Producers may fulfill their set-aside obligation through a combination of rotational and nonrotational set-aside, but at the higher nonrotational rate.

Two exceptions to the higher nonrotational set-aside rate were adopted as part of the 1993/94 package of agricultural prices. Producers who must reduce their fertilizer use because they farm in designated nitrate-sensitive areas may apply a nonrotational set-aside only 3 percentage points above the rotational rate. Producers in a member state where more than 13 percent of the arable crops base area was set aside in 1993/94 may also use the lower nonrotational rate. In effect, only farmers in the U.K. meet this second criterion.

Producers who wish to transfer their set-aside obligation by paying another farmer to implement it will have to adhere to strict guidelines. They must present a plan proving that the transfer will not result in a lesser reduction in production, and they must set aside more than 20 percent of their area. The transferred set-aside must be implemented on a nearby farm, unless the member state designates particular regions where the set-aside can bring environmental benefits. To designate such a zone, the member state must have sufficient data on yields to calculate the appropriate set-aside rate.

### **Member States Lobby for Increased Flexibility**

Even before the CAP Reform program was implemented, member states began pressuring the Commission to moderate some of its provisions. For example, France was successful in having three departments added to the list of traditional areas eligible for the supplementary durum wheat payment. Their inclusion increased eligible French durum area by 63,355 hectares. Member states have in particular lobbied for increased flexibility in the set-aside. Changes suggested have included reducing the 6-year rotation to 2 years, and increasing set-aside payments.

National agriculture ministers used the 1993/94 price package negotiations (see "1993/94 Price Package and Related Measures") to modify parts of the CAP Reform package. The most significant changes were the increase of the set-aside payment from 45 ECU (\$62) per ton to 57 ECU (\$78) per ton, and the creation of a separate rate for nonrotational set-aside in nitrate-sensitive areas and the United Kingdom.

The next important test of CAP Reform implementation will concern those regions that have exceeded their base areas. It appears already that this will be a problem in France and in the eastern states of Germany. CAP Reform established two penalties for exceeding the base area. In the same year as the base area is exceeded, compensation payments are reduced by the proportion by which the base area was exceeded. In the following year, those producers who are subject to the set-aside requirement would be forced to make an additional, unpaid set-aside, equal to the percentage by which the base area was exceeded. Member states have begun pressuring the Commission to reduce these penalties.

Agriculture Commissioner Steichen has stated that the effectiveness of the CAP Reform program must not be undermined by numerous exceptions. Maintaining the integrity of the Reform program is important from the standpoint of limiting production, controlling budget expenditures, and meeting international commitments on agricultural trade.

Despite CAP Reform, the EC faces continued surplus production and overspending. The actual reduction in area under the set-aside program did not meet the Commission's expectations in the first year. Agricultural spending has been running over budget since April 1993. The switchover mechanism inflates CAP spending on both market price support and the new direct payments.

Commitments on reducing subsidized exports have been an important part of the ongoing agriculture negotiations in the General Agreement on Tariffs and Trade (GATT). Lower production of grains and beef will be necessary for the EC to meet such commitments. Increased flexibility in the CAP Reform program could undermine its effectiveness in controlling production, and make it more difficult for the EC to meet international commitments.

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# New Agrimonetary System Promotes Free Trade Within EC

*The EC has dismantled part of its byzantine agrimonetary system, removing border taxes and subsidies. Freer movement of agricultural goods within the Community is the major benefit. Currency volatility has increased the gap between market exchange rates and agricultural exchange rates to more than 20 percent. The currency crisis of August 1993 resulted in "green" rates moving more closely with market rates. [Daniel J. Plunkett]*

In keeping with the Single Market plan, the EC finally removed the fiscal and physical barriers to internal trade in agricultural products posed by the agrimonetary system. The system agreed on at the Edinburgh Summit in December 1992 eliminated border taxes and subsidies on agricultural products, but retained the inflationary elements embodied by the "switchover" coefficient. Compensating for past currency fluctuations will cost the EC budget billions of ECU in the next 2 years. In light of the broader currency fluctuations permitted within the Exchange Rate Mechanism (ERM) of the European Monetary System (see "General Economic Situation"), the rules for floating currencies will now be applied to those within the ERM.

## ***Old System Protected Farmer Income, Slowed Trade at Borders***

Since 1969, the EC has operated a system of special exchange rates for agricultural products. Farmers receive the common ECU prices multiplied by the particular country's "green" rate. Green rates aim to stabilize the prices received by farmers in an environment of currency volatility. A gap therefore developed between the market exchange rates and the green rates. Since the mid-1980s, this gap has been represented by the switchover mechanism.

Internal EC trade was subject to Monetary Compensatory Amounts (MCAs), which compensated for disparities between the market exchange rates and the green rates. MCAs were border taxes and subsidies that ensured that exchange rate differences did not provide an incentive for transporting farm products across internal EC borders. However, collecting MCAs involved stopping trucks at the borders which added to transportation costs. By the end of 1992, MCAs primarily applied to floating currency countries.

## ***New System Eliminated MCAs, Retained "Switchover" for ERM Currencies***

Internal agricultural trade is no longer impeded by MCAs. From January 1 through August 3, 1993, the agrimonetary system was separated into rules pertaining to currencies within the ERM, and rules pertaining to floating EC currencies.<sup>1</sup> During this period, green rates only changed for ERM currencies following ERM realignments, which involved adjust-

ing the bilateral rates of each currency against each other and against the ECU. The switchover mechanism ensured that in countries with currencies made stronger by an ERM realignment, farmers did not suffer price drops. That country's green rate was simply inflated against the ECU. EC farmers therefore received more in national currency than market exchange rates indicated.

The switchover mechanism only increased when there was an ERM realignment. After years without a change, the ERM was realigned five times from September 1992 through August 1993 (table 15.1). This increased the switchover mechanism to nearly 21 percent, which means the "green ECU" was worth one-fifth more than the market ECU.

The agrimonetary rules stipulated that, at the beginning of each marketing year, the EC must reduce ECU policy prices by 25 percent of any increase in the switchover. In 1993, prices were reduced 1.3088 percent on July 1 to take account of a switchover increase of 6.24 percent since July 1992. Member states were allowed to compensate their producers for any reduction in national prices, with the EC paying half (75 percent in less-favored areas). Switchover increases from September 1992 through July 1993 will cost the EC budget an estimated 1.5 billion ECU (\$1.7 billion) against the 1993 agriculture budget of 34 billion ECU (\$39 billion).

## ***Rules for Floating Currencies Now Apply to Almost All EC Countries***

For floating currencies, changes in green rates are dictated on the basis of a set of rules relating to the "monetary gap," which is the spread between the green rate and the market rate multiplied by the switchover. Every 10 days, green rates are adjusted if the absolute value of the difference in monetary gaps between any two currencies exceeds 4 percentage points. There is also an emergency system wherein green rates are adjusted if the difference of the 3-day average of the gaps for two currencies exceeds 6 points. Although green rates are now adjusting to changes in market exchange rates, the 21-percent disparity between market rates and green rates is maintained.

Widening the ERM fluctuation bands to 15 percent in August 1993 did not involve a realignment of the bilateral parity rates, so there was no increase in the switchover mechanism. However, all of the ERM bilateral relationships (except the guilder-Deutschmark relationship, which maintained the 2.25-percent band) are now subject to the rules for floating

<sup>1</sup> Through August 1993, Belgium, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Portugal, and Spain were within the ERM, while Italy, Greece, and the United Kingdom operated floating currencies.

Table 15.1: Evolution of switchover coefficient 1/

Date	Switchover coefficient	Comments
4/1/84	1.033651	Introduction of system, reduction of 3 points in German MCA.
7/22/85	1.035239	Devaluation of Italian lira, and other EMS changes.
4/8/86	1.083682	Revaluation of German mark and Dutch guilder, other changes.
8/4/86	1.097805	Devaluation of Irish punt.
1/15/87	1.125691	Revaluation of German mark and other currencies within EMS.
7/1/87	1.137282	Reduction of 1 percentage point in German & Dutch MCAs.
1/6/90	1.145109	Italian lira moved to narrow band. Spanish peseta joins ERM.
9/14/92	1.154338	Italian lira and UK pound devalued, leave the ERM.
9/17/92	1.157346	Further devaluation of UK pound, Italian lira, and Spanish peseta.
11/23/92	1.195066	Peseta and escudo devalued 6 percent each. Sterling given new nominal central rate.
2/1/93	1.205454	Devaluation of Irish punt.
5/14/93	1.207509	Devaluation of Spanish peseta and Portuguese escudo.
8/3/93	1.207509	ERM fluctuation bands widened to 15 percent. No realignment of currencies, so no switchover change. De facto floating system.

1/ To convert CAP prices into market prices in national currencies, multiply ECU price by switchover. To convert green ECUs into dollars, multiply market price by the exchange rate. \$1.13 per ECU in July 1993.

Sources: Agra Europe; EC Commission.

currencies. Green rate changes will therefore be more frequent, and switchover changes less frequent, than under the narrow ERM bands.

Since the switchover will not change unless the 15-percent bands are breached, farmers in strong currency countries, such as Germany and the Netherlands, may face effective price decreases in national currency terms. The switchover mechanism prevented this from happening under the narrow ERM bands. There are provisions for member states with appreciating currencies to compensate farmers for income losses suffered over a 12-month period, with half the aid to be paid by the EC (75 percent in less-favored areas). The compensation would last for 3 years, with reductions by one-third each year. These provisions, which have not been used thus far, are bound to be very expensive for the EC budget.

In early September, the Commission proposed a temporary change to address German and Dutch concerns. Under the proposal, which would apply only in September 1993, German and Dutch green rates would be reviewed at the end of the month, rather than every 10 days. Given the EC's track record, however, such a "temporary" change could be extended.

In countries such as France, whose currencies have depreciated under the new ERM rules, farmers receive more francs per ton of wheat because each ECU is worth more francs. These price increases in national currency terms could help mitigate the support price cuts in ECU terms under CAP Reform. Direct payments to farmers, such as those introduced under CAP Reform, are converted into national currency at the green rates in force on July 1 of each year. This means that payments may not be adjusted for green rate changes during the year.

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# EC Bananas Regime Comes Into Force and Under Attack

*On July 1, 1993, the EC established a common market in bananas. While the regime offers free trade within the Community, import access is worsened to a number of countries, particularly Germany. The import quota of 2 million tons, well below 1992 levels, has led to legal challenges both within the EC and from Latin American producers, who threaten to veto the Uruguay Round over the issue. [Daniel J. Plunkett]*

After 35 years, the EC finally has established a common market in bananas. A protocol in the Treaty of Rome in 1957 allowed Germany to maintain zero-duty access for Latin American bananas while Belgium, Denmark, Luxembourg, and the Netherlands levied only a 20-percent *ad valorem* tariff. Other EC countries used tariffs and quotas to protect duty-free access for banana producers in their off-shore and overseas territories, and in African, Caribbean, and Pacific (ACP) countries under the Lomé Convention. The EC Single Market program provided the impetus to eliminate internal EC border checks and taxes on Latin American bananas and establish common arrangements for trade with third countries.

In December 1992, the EC Council of Ministers agreed in principle on the bananas regime, setting a tariff-rate quota of 2 million tons to be filled primarily by Latin American producers. EC producers are guaranteed a minimum income through a deficiency payment (the difference between the market price and a reference price), up to specified volumes (table 16.1). Small farms can receive a one-time premium of 1,000 ECU (\$1,369) per hectare to cease production. The new regime took effect July 1, 1993.

The issue is of interest to the United States because bananas diverted from the EC are likely to enter the U.S. market, depressing prices not only for bananas but for U.S.-grown fruit. Furthermore, some of the major suppliers of Latin American bananas to the EC include U.S. multinational companies such as Dole and Chiquita. About 2.6 million tons of Latin American bananas were shipped to the EC in 1992, nearly 70 percent of total EC imports. The new system will cut those sales by 600,000 tons. Latin American countries are also threatening to veto any Uruguay Round agreement if the EC does not change the new quota system.

## 2-Million-Ton Quota Worsens Import Access for Latin American Bananas

Trade provisions of the new regime still allow ACP bananas to enter duty-free, while fresh bananas from Latin America and other third country suppliers are subject to a 100 ECU (\$113) per ton levy within the quota of 2 million tons. ACP imports beyond "traditional levels" will also count against the quota, but enter duty-free (table 16.2). Any non-EC bananas beyond the 2-million-ton quota will be subject to a levy of 750 ECU (\$851) per ton (for ACP bananas) and 850 ECU (\$964) per ton (for other suppliers).

Table 16.1: EC suppliers of bananas

Community territory	Quantity supported
	Tons
Canary Islands	420,000
Martinique	219,000
Guadeloupe	150,000
Madeira, Azores, and the Algarve	50,000
Crete and Lakonia	15,000
Total eligible for EC support	854,000

Source: EC Commission, Regulation 404/93.

Table 16.2: Traditional ACP banana imports /1

ACP supplier /2	Tons
Ivory Coast	155,000
Cameroon	155,000
St. Lucia	127,000
Jamaica	105,000
St. Vincent and the Grenadine	82,000
Dominica	71,000
Somalia	60,000
Belize	40,000
Suriname	38,000
Grenada	14,000
Madagascar	5,900
Cape Verde	4,800
Total	857,700

1/ Import volumes beyond these levels count against the 2-million-ton quota.

2/ The EC offers duty-free access for most agricultural products from many African, Caribbean, and Pacific countries.

Source: EC Commission, Regulation 404/93.

Under a complicated licensing scheme, 66.5 percent of the quota will be awarded to traders according to their levels of third country and nontraditional ACP bananas (beyond traditional levels) marketed from 1990 to 1992. Thirty percent of the quota will be awarded to traders according to their levels of EC and ACP bananas (within traditional levels) marketed during that period. The remaining 3.5 percent will go to newcomers. The import license does not specify supplier country, and is valid for any Community port, with free movement between member states.

While the EC argues that the import arrangements are designed to maintain the existing pattern of Community imports, both the quota level and the licensing arrangements suggest otherwise. In 1990, the EC imported about 2 million tons of bananas from Latin America. By 1992 that figure had risen to about 2.6 million tons. The increase can partly be explained by German unification. Consumers in the former East Germany, where bananas were unavailable, currently consume about 28 kilograms per head, compared with 18 kilograms per head in western Germany. Because EC consumption has increased since 1990, the 2-million-ton quota restricts supply in the Community.

In addition, the licensing arrangement seemingly guarantees French and British traders, the main marketers of EC and ACP bananas, the right to market 30 percent of the 2-million-ton quota. Almost the entire quota will be filled with Latin American bananas, which in general are of better quality and cheaper. EC trading companies will benefit from the licensing arrangement, perhaps at the expense of U.S. banana multinationals.

#### ***Germany, Belgium, and the Netherlands Claim Damage from New Regime***

Germany attempted to block passage of the regulation by claiming that any change in a treaty protocol needed unanimity, although the protocol specifically states that "the Council, acting by means of a qualified majority vote, shall decide as to the abolition" of the German exemption. Germany also argued that instituting the quota and tariff will raise the price of bananas in Germany. German prices may rise to the level in the restrictive EC countries, where prices are as much as two-thirds higher. The European Court of Justice rejected Germany's bid to block implementation of the new regime on July 1.

Banana importers in Belgium and the Netherlands also plan to take the EC Commission to court, saying that the 2-million-ton quota will cost them half their European market share. Port workers in Antwerp and Rotterdam, where 1.6 million tons of Latin American bananas entered the EC in 1992, foresee the loss of jobs due to the imposition of an overly restrictive quota. The port of Hamburg, which recently built a new fruit handling facility, is also expected to be adversely affected.

#### ***Latin American Producers Also Claim Serious Damage***

At the request of Costa Rica, Colombia, Guatemala, Nicaragua, and Venezuela, an independent GATT disputes panel ruled that the old regime violated the EC's GATT commitments by giving unfair preference to bananas from the ACP countries. The Latin American countries also have challenged the new regime, due to the trade barriers raised in Germany and elsewhere, claiming an economic loss of \$1 billion over 2 years. With the restrictive EC quota level, Latin American countries fear that more bananas on the world market will cause a drop in price. In the fall of 1992, the EC rejected appeals by Latin American countries for consultations on its import quota.

It is clear that the new EC bananas regime is inconsistent with the Uruguay Round goal of maintaining or improving current market access. The EC would have to convince the other negotiating parties, particularly Latin American countries, to grant a waiver exempting bananas from Uruguay Round commitments to replace agricultural trade barriers with tariffs alone. The issue of bananas in the EC continues to grow in importance, and could become a major barrier to resolution of the Round.

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# Enlargement Talks Begin with EFTA Countries

*The European Community is negotiating the terms of accession with Austria, Finland, Norway, and Sweden. Securing support for arctic and alpine farmers, in order to maintain the population of the northern and mountainous territories, is the primary agricultural issue. The EC could have 16 members by January 1, 1995. [Elizabeth Jones and Daniel J. Plunkett]*

In its first move toward enlargement since the accession of Spain and Portugal in 1986, the European Community (EC) has begun negotiations on membership with four countries of the European Free Trade Association (EFTA).<sup>1</sup> Despite its small share of EC-EFTA trade, agriculture is an important issue in the talks because the EFTA countries fear the depopulation of more remote arctic and alpine villages once free trade in agricultural products with the EC is achieved.

Talks with Austria, Finland, and Sweden began in February 1993, and with Norway in April. Agriculture and forestry make up one of eight negotiating areas, in addition to the free movement of services, workers and capital, external relations, social policy, establishment of the customs union, and regional policy. Article 237 of the Treaty of Rome requires a unanimous vote for admission of new EC members, with ratification of the treaty according to the constitutional rules of each member state. While the target date for these countries to join is January 1, 1995, accession may be delayed until 1996.

Overall trade gains and losses to the U.S. export market resulting from accession are expected to be minimal. Possible sources of friction arising from accession include: the expansion of the EC hormone-treated meat ban; adverse effects of the new EC banana regime on U.S. companies trading in Latin American bananas; potential new nontariff barriers on U.S. exports as a result of plant health regulations, quality inspection of fruits and vegetables, organic products certification, food labeling, and pesticides. Annual U.S. agricultural and food product exports to the applicant states have been about \$300 million in recent years, compared to about \$5.7 billion in exports from the EC (figure 17.1). The EFTA countries generally represent small niche markets for the United States, with the largest U.S. exports in processed fruit and vegetables, soybeans, tobacco, and tree nuts.

## Enlargement the Next Step After Years of Collaboration

EFTA was established by the Treaty of Stockholm in 1960. Whereas the EC aimed to form a common market featuring collective policymaking and common external tariffs, EFTA sought only to have free trade in manufactured goods among members, with each member maintaining distinct external trade policies toward third countries. In 1973, Denmark, Ireland, and the United Kingdom left EFTA to join the EC. At that time, the reciprocal trade concessions between the

three new EC members and their former EFTA partners were extended to the other EC countries.

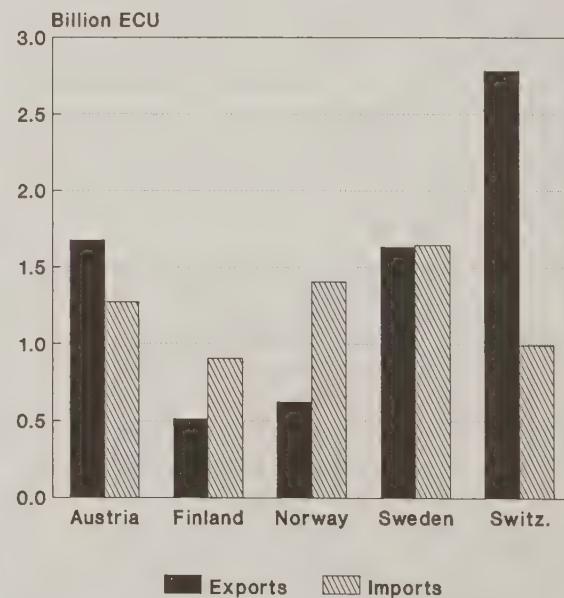
Further bilateral negotiations between the EC and EFTA culminated in the European Economic Area (EEA), due to take effect October 1, 1993, allowing for the free movement of goods, services, people, and capital. However, trade concessions for agriculture continued to be negotiated on a product-by-product basis. By joining the EEA, the EFTA countries agreed to adopt the veterinary and phytosanitary regulations from the EC's Single Market program, which should reduce technical barriers to trade due to animal and plant health issues.

Switzerland rejected the EEA by referendum in December 1992. The six remaining EFTA countries agreed to pay approximately 70 percent of Switzerland's \$2.4 billion contribution to the Cohesion Fund and to allow zero-duty access for a number of fresh fruit and vegetable products from Greece, Ireland, and Spain.<sup>2</sup> Switzerland may still apply for EC membership in the future.

<sup>2</sup> The Cohesion Fund is a 10-billion ECU (\$11.3 billion) fund set up to promote economic development in Greece, Ireland, and Spain.

Figure 17.1

## EC Agricultural Trade with the EFTA Countries, 1991



<sup>1</sup> EFTA countries include Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland.

Sources: Eurostat; EC Commission.

## **EC Running Trade Surplus in Agriculture With EFTA**

EFTA and the EC, considered as blocs, are each other's most important trading partner, with exports and imports each totaling over 100 billion ECU (\$113 billion). EC trade with EFTA is concentrated in a variety of manufactured products. Vehicles account for over 10 percent of EC exports to EFTA, followed by a range of machinery categories. Trade in paper, petroleum, and wood makes up one-fifth of EFTA exports to the EC.

In 1990, EFTA countries, led by Switzerland and Sweden, supplied about one-fourth of the total value of all EC imports, with Germany and the United Kingdom the most important buyers. The EC accounts for about 60 percent of EFTA imports, with Switzerland taking over one-third of them.

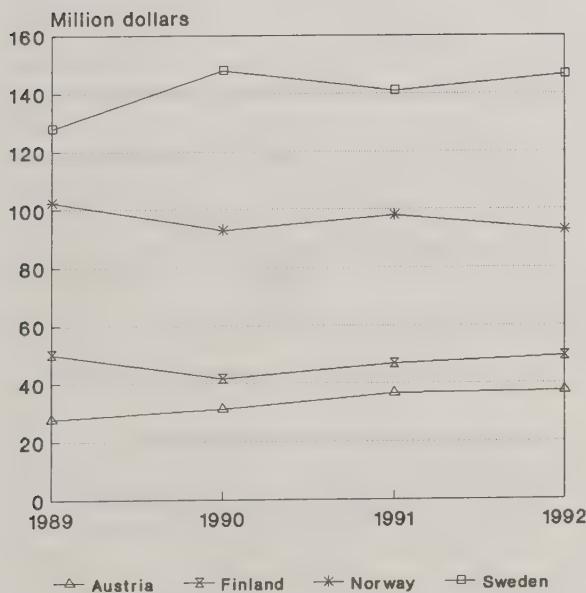
Trade in food and beverage products is responsible for most of the EC's 2.8 billion ECU (\$3.2 billion) trade surplus with the seven EFTA countries (figure 17.2). EFTA imports of food and beverages from the EC are worth about 5 (\$5.7) billion ECU, while EC imports from EFTA are worth about 3 billion ECU (\$3.4 billion). Trade in food and beverages accounts for less than 5 percent of total EC-EFTA trade.

### **New Members Must Be Integrated Into the CAP**

Previous agreements have already harmonized EFTA and the EC to a great extent. One of the major changes in the relationship would be in agriculture. Each applicant country must adopt CAP policies, which can entail considerable bureaucratic effort. National intervention agencies, trading companies, and farmers must adopt EC methods regarding selling into public storage and tendering for export subsidies.

Figure 17.2

### **U.S. Agricultural Exports to the Applicant Countries**



Source: U.S. Department of Commerce.

### **EFTA Signs Deals with Countries To the East**

In addition to negotiating with the EC on accession, the EFTA members have signed a number of agreements with countries in Central and Eastern Europe (CEE). EFTA now has agreements with Bulgaria, the Czech Republic, Hungary, Poland, Romania, and the Slovak Republic liberalizing trade in industrial goods, processed agricultural products, and fish. Subsequent bilateral negotiations will address trade in bulk agricultural goods, although concessions will likely be granted only on a product-by-product basis. In the agreements, the EFTA countries have agreed to lower trade barriers more rapidly than those in the CEE, to help in the transition to market economies.

Austria has also concluded a bilateral trade agreement with Hungary, its most important CEE trading partner, liberalizing trade in agricultural products. This agreement could increase Hungarian food and agricultural exports to Austria by \$40 million to \$200 million in 1993. Austrian food and agricultural exports might also increase by \$40 million.

Also on a bilateral basis, Finland, Liechtenstein, Norway, Sweden, and Switzerland have signed duty-free trade agreements with Estonia, Latvia, and Lithuania for most industrial goods and some agricultural products. EFTA and Albania have issued a declaration marking the start of their cooperation.

Like farmers in the EC, those in the applicant countries will have to provide the extra paperwork required under the EC's new arable crops regime. To comply with the EC set-aside regulations, the base area for each country must be established for the new members. During the transition period, each applicant country may have different CAP prices and different income compensation payment levels. Prices and income compensation payments will undoubtedly be aligned with EC levels by the end of the transition period, the length of which may vary for each country.

Each country will be granted a national milk quota and expected to assess the superlevy on overquota production. They will also receive a sugar quota (the applicant countries could in fact help absorb some of the EC sugar surplus).

The EC would probably benefit more than EFTA from free trade in agriculture, particularly for wine, fruits, and other Mediterranean products. The applicant countries generally have higher support for their farmers (Appendix table 9), so adjustment to the lower EC levels, especially after CAP Reform, could put some EFTA farmers out of business. Applicant countries would gain access to the EC decision-making process, and become part of an important trading bloc. The applicant countries are bound to be important contributors to

Table 17.1: EFTA country profiles in 1991

EFTA member 1/	Population	Gross domestic product	Per capita income	Exports of goods and services	Agricultural imports	Agricultural exports
	Millions	Billion dollars	Dollars	Percent of GDP	Percent of total trade 2/	
Austria	7.8	164.2	20,493	41.0	5.8	3.5
Finland	5.0	126.4	25,210	21.6	5.2	2.9
Norway	4.3	105.7	24,807	45.4	5.7	1.3
Sweden	8.6	237.0	27,499	28.4	6.1	2.2
Switzerland	6.8	228.2	35,509	35.4	6.7	3.0

1/ European Free Trade Association. Liechtenstein and Iceland not included. 2/ 1990 figures.

Sources: EFTA Secretariat, Geneva; U.N. Trade Statistics 1992.

the EC budget. Per capita income for the applicant states exceeded that of the EC in 1991 from a high of 41 percent for Norway to a low of 25 percent for Austria (table 17.1).

### **Nordic Countries Demand Compensation for Arctic Agriculture**

The Nordic countries (Finland, Norway, and Sweden) are demanding EC aid for farmers in their arctic regions. Central and northern Finland (including Lapland), northern and western Sweden (including Norrland), and northern Norway can be characterized as regions of great distances, cold climate, sparse population, and short growing seasons. In these areas, agriculture functions not only to produce food but also to further local development, protect the environment, and contribute to national security. Finland has a 1,300 mile border with Russia and seeks to keep this area populated and viable.

The EC has a number of regional and social programs that could help arctic farmers, as well as specific agriculture policies such as payments to producers in less-favored areas (LFAs), including mountain and hill farmers. The Nordic countries would like the whole of northern Scandinavia designated as an LFA, and may even succeed in establishing a special arctic farming subsidy designed to compensate for lower yields due to a growing season of 190 days or less.

### **Four EFTA Applicants Each Have Specific Issues As Well**

Austrian accession negotiations may go quickly. Austria is the only applicant state that speaks one of the official EC languages. Of all the EFTA countries, Austria's agricultural support levels are closest to those of the EC (see *Western Europe Agriculture and Trade Report 1992*). Austria's geographic position between Germany and Italy makes the EC a natural trading partner. Nearly 40 percent of exports go to Germany. As an Alpine state, Austria plans to continue direct payments for farmers in mountainous regions, currently \$150 million annually.

Finland has provided about 45 percent higher support to its farmers than the EC in recent years. Structural aid for improving the competitiveness of agriculture is therefore a major goal. Due to the 50-percent depreciation of the markka since 1990, the gap between Finnish and EC prices has been reduced, in turn reducing the export subsidy needed for products

such as coarse grains, eggs, butter, cheese, and pork. Finland is asking for a milk quota that includes quantities no longer in use, in part to protect Finnish self-sufficiency against future across-the-board quota cuts by the EC.

As in 1972, when Norway rejected EC membership in a referendum, fishing rights and North Sea energy resources again pose major obstacles to joining the Community. Norway expects nations such as Spain to seek access to its waters as compensation for unobstructed access for Norwegian fish products to the EC Single Market. As part of the EEA, Norway conceded some of its restricted fishing rights to EC countries; it is adamantly opposed to any further concession as part of EC membership. Norway is the largest oil producer in Western Europe at over 2 million barrels a day. Norway generates 16 percent of GNP and 33 percent of its export revenue from oil, with almost all exports of oil and natural gas going to the EC. Other major issues include Norway's resumption of commercial and scientific whaling, the national wine monopoly, and the amount of its annual net contribution to the EC.

Upon joining the EC, Sweden would have to reintroduce market intervention and export subsidies, removed as part of the New Farm Policy in 1990. Sweden also hopes to include land converted to energy and industrial crops as part of its base acreage. The subject of milk quotas, removed in Sweden in 1989, is particularly important since Norrland farming is based on milk and cow feed production.<sup>3</sup> Total Norrland support is just under 1 billion krona (\$126 million) annually. Another important issue is whether Sweden will relax its strict environmental standards to comply with EC rules on the free movement of goods and services.

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<sup>3</sup> Norrland refers to land located north of the Dalälven River. One-seventh of all Swedish milk cows are raised in Norrland.

# **EC Continues Cooperation with Neighbors to the East**

*The European Community continues to deepen its ties with the countries of Central and Eastern Europe and the former Soviet Union, signing accords with Bulgaria, Romania, and Slovenia, and entering into negotiations with Russia and other former Soviet republics. Agriculture is one of the most contentious issues in the EC's relations with its neighbors to the east, along with steel and textile trade. [Daniel J. Plunkett]*

Despite new trade deals with a growing list of countries, the relationship between prosperous Western Europe and the countries of Central and Eastern Europe (CEE) and the former Soviet Union (FSU) undergoing market reform has hit some snags along the road to further integration. The EC's 1-month ban on livestock trade through April due to foot-and-mouth disease led to reciprocal bans by the CEE countries. The EC is investigating whether certain CEE and FSU countries have been "dumping" fertilizer into the EC market. There have also been delays in disbursement of money for the EC's technical assistance program (see box), and impatience on the part of the CEE countries regarding eventual membership in the EC.

## ***Central and East European Countries Moving Closer to EC Membership***

The EC has devised a series of economic accords offering progressive integration, with the eventual prospect of free trade in nonsensitive industrial products. In agriculture, however, the EC has been very reluctant to liberalize trade. Market access for CEE agricultural products has been very limited. In June, the EC did agree to accelerate by 6 months the planned 60-percent reduction in the level of import levies for the quota volumes agreed to under the Association Agreements (also known as Europe Agreements, which confer associate membership status) with the Czech and Slovak Republics, Hungary, and Poland.

The Economic and Social Committee (ECOSOC) of the EC outlined the requirements for the EC to sign a Europe Agreement with any CEE country as "real progress being made in the political, economic, social and economic transformations now underway; the point of no return for democracy and the market economy being reached." ECOSOC noted that "it will not be possible in the long run to exclude any area--not even agriculture--from market liberalization." However, the short-term recommendation was for the EC to help the CEE countries sell their agricultural surplus for hard currency in neighboring CEE and FSU markets. Another suggestion was for CEE agricultural products to be channeled into industrial and energy uses.

CEE countries continue to view the EC as their main partner for the future. In a EUROBAROMETER poll conducted by the EC Commission, 68 percent of those polled in the CEE countries regard the Europe Agreements as a positive step forward, while 78 percent support future EC membership. The EC Commissioner for Trade has repeatedly called for the EC to expand imports from the East, arguing that a prosperous

CEE would create more jobs in the EC and lead to increased exports from the EC's poorer members.

At the Copenhagen summit in June, the EC heads of government agreed to eventual membership for Bulgaria, the Czech and Slovak Republics, Hungary, Poland, and Romania. No timetable was set because the EC must first integrate the EFTA countries that have applied (see "Enlargement Talks Begin with EFTA Countries").

## ***Trade Growing Between EC and Eastern Neighbors: Agriculture Accounts for About 10 Percent***

Trade between the EC and the CEE countries continues to grow, although agricultural imports into the Community fell in calendar 1992. EC exports to the region grew 22 percent, compared to growth of 17 percent in EC exports, widening the EC trade surplus to 2.5 billion ECU (\$2.8 billion) from 1.4 billion (\$1.6 billion) in 1991. Trade is concentrated in manufactured goods (75 percent of total EC imports, 83 percent of CEE imports). In general, the EC is importing mostly clothing, iron, and steel, while the CEE countries are importing vehicles, textile yarn and fabrics, and machinery.

EC imports of food, beverages, and tobacco from the CEE countries declined 8 percent in 1992 to slightly over 2 billion ECU (\$2.3 billion), in part due to recession in Western Europe. The share of these products in total EC imports fell to 11 percent from 14 percent for 1991. EC exports of food, beverages, and tobacco to the region gained 6.6 percent to 1.7 billion ECU (\$1.9 billion), although CEE importers continued to experience credit constraints. The share of agriculture in total EC exports fell a full percentage point to 8 percent.

Germany is the main EC trading partner with the CEE countries, accounting for 54 percent of EC exports and 57 percent of imports. Poland is the main CEE partner with the EC, representing 38 percent of both imports and exports from the group. Among the 24 countries of the Organization for Economic Cooperation and Development, Germany has almost 40 percent of the exports to CEE countries, followed by Italy with 11 percent, the United States with 8 percent, and Austria with 7 percent.

## ***Discovery of Foot and Mouth Disease Leads to Trade Ban***

An outbreak of foot-and-mouth disease (FMD) in Italy in March led to a blanket EC ban on imports of live animals, meat, milk, and dairy products from 18 CEE countries. It is believed that CEE cattle entered Italy from Croatia with false

certificates of origin. The EC ban, which was followed by Austria, prompted retaliatory measures against EC livestock and livestock products by Bulgaria, the Czech and Slovak Republics, Hungary, and Poland. The EC has adopted an FMD eradication program. Many CEE countries--for example, Czechoslovakia in 1974--claim to have eliminated FMD many years earlier.

After 1 month, the EC set its terms for lifting the import ban. Live animals are subject to a 15-day quarantine and blood testing, with slaughter required within 3 days of entering the EC. For animal products, consignments must bear a unique number on the seal and an accompanying certificate. The ban was lifted on the Baltic states, Bulgaria, the Czech and Slovak Republics, Hungary, the former Yugoslav Republic of Macedonia, Romania, and Slovenia. Poland agreed to the EC's rules for livestock products, but not live animals, of which Poland is a major supplier to the EC. Poland said the continued ban on live animals was "an intentional trade restriction, unjustifiable on the grounds of veterinary evidence," and called for a joint committee discussion under the Association Agreement. Livestock imports from Bulgaria were again banned in June due to an FMD outbreak there.

#### ***EC Signs Trade Accords with Bulgaria, Romania, and Slovenia***

The EC signed Europe Agreements with Romania on February 1 and with Bulgaria on March 8, 1993. These Association Agreements, similar to those signed in December 1991 by Czechoslovakia, Hungary, and Poland, are for an unlimited period with a transition phase of 10 years. The agreements will allow each country "to take its place in the new architecture of Europe, and will enable it to be fully involved in the process of European integration." The trade provisions were implemented provisionally on May 1, 1993, while the Parliaments of the EC member states, the European Parliament, and the Bulgarian and Romanian Parliaments have yet to ratify the treaty.

The Europe Agreements involve establishing a free trade zone, although textiles, coal and steel, and agricultural products will be covered by separate protocols. Bulgaria and Romania will offer concessionary access for a variety of products from the EC, in particular sugar, citrus fruits, beef, and tobacco for Bulgaria, and grains, sugar, potatoes, and rice for Romania. The EC offered only minimal access for agricultural products into its markets, primarily for soft fruit, goose, and pork products. Ad hoc agreements will apply for the wine sector, with protecting trademarks a stated priority. The Europe Agreements also feature standstill and safeguard clauses, and protocols on rules of origin.

Slovenia signed a trade, commercial, and economic cooperation agreement with the EC in April 1993, providing the legal and institutional framework for trade and finance. Sixty percent of Slovenia's foreign trade is with the EC. The deal, similar to those signed by the Baltic states in May 1992, lays the groundwork for a Europe Agreement offering associate member status. The agreement provides a mechanism for negotiating concessions on agriculture on a product-by-product basis, as well as committing both sides to fostering eco-

nomic cooperation in investment, vocational training, and environmental protection programs. An immediate benefit for Slovenia, which hopes to join EFTA this year, is eligibility for 170 million ECU (\$193 million) in concessionary loans from the EC's European Investment Bank.

The EC also specified the concessionary access available for Bosnia-Herzegovina, Croatia, Slovenia, and the former Yu-

#### **PHARE Program Offers Technical Assistance**

The PHARE (Poland-Hungary Assistance to Restructure the Economy) program was set up by the EC in 1989 and later expanded to cover Albania, the Baltic States, Bulgaria, the Czech and Slovak Republics, and Romania. Through 1992, the EC committed 2.1 billion ECU (\$2.4 billion) to PHARE, with a total of 322 million ECU (\$365 million) allocated to five countries for agricultural reconstruction. PHARE is often cited as an example of large amounts of EC aid being committed, with substantially less being delivered.

The process of using foreign consultants to develop feasibility studies and manage the projects often involves delays of 18 months or more in implementing projects in a region undergoing rapid change. In some countries, up to two-thirds of the money has yet to be spent, which means that the CEE countries have seen little help thus far from PHARE. The EC operates a similar program called TACIS (Technical Assistance for the Commonwealth of Independent States) in the former Soviet Union, with similar criticisms by Russians and others.

PHARE assistance in the agricultural sector involves "helping recipient countries to set up the legal and structural framework necessary for their own effective self-management." This can involve the privatization of state farms and setting up commodity exchanges and other mechanisms of a market economy. In the case of Poland, PHARE is planning to fund the reorganization of the Agriculture Ministry, which retains the structure used to run a centrally planned system. PHARE sees agriculture as having "huge economic and social significance in most of the region's countries." In the CEE as a whole, about 30 percent of the workforce is in agriculture, ranging as high as 65 percent in Albania.

In addition to technical assistance through the hiring of academics and other consultants from EC countries, PHARE has also provided material assistance such as food, animal feed, and spare parts for farm machinery. The largest single recipient of an agricultural grant was Poland in 1990, which received 100 million ECU (\$113 million) in crop protection chemicals and animal feed supplies. In Poland, however, as in other CEE countries, the prevailing sentiment is that EC market access would be preferable to the slow-moving technical assistance offered by PHARE.

goslav Republic of Macedonia. Zero-duty products include specified quantities of wine, *Sljivovica* plum spirit, and sweet cherries to be used in chocolate candy. The EC will also admit 25,000 tons of "baby beef" at 20 percent of the basic levy, and an additional 25,000 tons at half the basic levy.

#### **A Free Trade Zone "from Valencia to Vladivostock"?**

In October 1992, the EC foreign ministers agreed to begin negotiating bilateral trade, commercial, and economic cooperation agreements with the former Soviet Republics, starting with Russia, Belarus, Ukraine, and Kazakhstan. In March 1993, it was decided to upgrade the prospective treaties to partnership and cooperation accords. The agreements would lay the legal framework for trade, but would not mention eventual membership in the EC. Ukraine, for one, has declared its intention to pursue membership.

An "evolutionary clause" in the treaty with Russia would "open the possibility at a future stage for free trade in goods and for national treatment for establishment of companies and cross-border trade in services." However, the EC insists that liberalization would depend on Russia creating a market economy and adopting GATT rules. The accord with Russia would include strict human rights conditions and a safeguard clause to protect against "serious injury" to domestic producers from imports.

Germany has been the strongest advocate of free trade with Russia. Germany is Russia's biggest trading partner, even though Russia accounts for only 3 percent of German total trade. Since 1989, Germany has pledged 80 billion DM of material and nonmaterial aid to the former Soviet Union, more than half of all western aid.

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## **CAP Reform Set-Aside: Environmental Friend or Foe?**

*The EC Commission originally claimed that the CAP Reform set-aside would be environmentally beneficial. Certain aspects, including the rotational option and manure spreading, will limit those benefits. The nonrotational option is better, overall, for the environment, although it does not specifically target vulnerable land. [Julie Williamson]*

The EC Commission originally presented the CAP Reform set-aside program as an environmental measure, in addition to a supply control program. However, the implementing rules limit the environmental benefits of the set-aside. The Commission eventually conceded that environmental considerations were less important than supply control. Overall, the nonrotational set-aside should be better than the rotational option in terms of reducing runoff, leaching, and erosion, since rotating the green cover jeopardizes its effectiveness. A better environmental approach would be a program that specifically targets vulnerable land.

#### **CAP Reform Set-Aside Has Two Options: Rotational and Nonrotational**

Farmers have two options under the set-aside program, rotational and nonrotational. The rotational set-aside specifies that each year a different piece of land must be idled for a minimum of 7 months between December 15 and August 15. The nonrotational set-aside, available after 1993/94, will allow producers to set aside their least productive land on a multiannual basis. In May 1993, the EC decided that the

nonrotational rate will be 5 percent higher than the rotational rate, except in nitrate-sensitive areas.<sup>1</sup> For 1993/94, the rotational rate was 15 percent.

Potential benefits from the set-aside program include improvement in water quality and soil conservation. However, neither version of the set-aside program is optimal from an environmental standpoint, particularly in areas where farmers are permitted to spread manure on the set-aside land.

#### **The Green Cover Should Reduce Erosion, Runoff, and Leaching**

EC member states can require that farmers maintain set-aside area by establishing a green cover. This fits in with the EC stipulation that land set aside "must be cared for so as to maintain good cropping conditions [and] to ensure the protection of the environment." The use of a green cover is far

<sup>1</sup> The 3-percent nonrotational rate is also in effect for producers in the United Kingdom (see "CAP Reform Implementation").

more effective than crop production in preventing soil erosion, runoff, and nitrate leaching, although those benefits are endangered by manure spreading.

Soil erosion is a great environmental concern throughout the Community since it affects the productivity of land and the amount of yield-enhancing inputs required. Some soil erosion inevitably occurs with every planting, but the most severe soil erosion can result from leaving fallow land bare. If green cover is not established on set-aside, the land may face greater damage being set aside than it would from remaining in production. Use of a cover is therefore environmentally sound land management.

The pollution of rivers, lakes and reservoirs by the runoff of intensive livestock and arable farming is one of the most severe consequences of the production practices under the CAP. The primary pollutants are fertilizers and manure containing phosphates and nitrates. Phosphate sticks to soil particles, and, upon reaching a body of water, can cause excessive toxic algae blooms that reduce oxygen in the water, a process referred to as eutrophication. Nitrates have a greater impact on human drinking water than phosphates. Nitrates can run off topsoil, silage, and animal manure. Green cover can alleviate topsoil runoff pollution, as the vegetative crop helps hold these pollutants in the soil during the rainy season.

Green cover also helps to counteract nitrate leaching into underground water resources. Grasses and other green cover (at least those that do not "fix" nitrates from the atmosphere into the soil) use the existing nitrates in the soil. Green cover helps hold any remaining nitrates in the root zone instead of allowing them to leach deeper into the soil.

#### ***Nonrotational Option Included for Environmental Reasons***

The Commission's original CAP Reform proposal included only the rotational set-aside program and asserted that it would be environmentally beneficial. "Whereas, for environmental reasons, the set-aside should be organized on the basis of a rotation of areas, and the land set aside would have to be cared for so as to meet certain minimum environmental standards." However, during negotiations for the final draft of CAP Reform, the U.K., the Netherlands, and Denmark proposed that land be retired on a multiannual basis in order to maximize the environmental benefits of the program. During debates concerning this revision, Guy LeGras, head of the agricultural directorate in the Commission, was forced to admit that "environmental considerations were of secondary importance as far as set-asides were concerned; the real object of the program was to reduce cereals production." To reach a compromise, the nonrotational option was added so that member states could better use the set-aside to address environmental concerns.

#### ***Nonrotational Set-Aside Provides More Consistent Benefits Than Rotational***

The nonrotational set-aside would provide greater soil conservation benefits than the rotational option. Under the rotational option, farmers must prepare the set-aside land for production the next year, which could require additional in-

puts, particularly herbicides. When farmers rotate their set-aside, it may prove difficult to establish an effective green cover. If the green cover fails to fill in before the first significant rainfall, the farmer risks considerable erosion damage to the set-aside land. Longer term set-asides are therefore environmentally more sound because farmers can establish a good ground cover and keep it intact.

Nonrotational set-aside is also the better choice for counteracting runoff and leaching problems. Under the nonrotational option, farmers can retire vulnerable land (near water resources, or sandy soil most susceptible to leaching) on a semi-permanent basis, rather than planting it 5 years out of 6 under the rotational option. Most farmers will tend to do this only if the vulnerable land has the lowest net return per hectare.

#### ***Nonrotational Set-Aside Disadvantaged By Higher Rate***

The nonrotational set-aside rate was set higher than the rotational rate in an attempt to ensure a similar production decrease under either program. Which option a farmer chooses will be based on a number of factors, including the characteristics of the individual farm, and whether it is in a nitrate-sensitive area. All other things being equal, a farmer would naturally prefer to set aside less land, which would tend to favor the rotational option. To have the greatest environmental impact, the program should target vulnerable land, like the Conservation Reserve Program in the United States. Specifying a lower rate for the nonrotational set-aside in nitrate-sensitive areas should improve the overall environmental impact of the program. However, the nonrotational rate in nitrate-sensitive areas is still higher than the rotational rate.

#### ***Concessions on Set-Aside Limit Environmental Benefits***

In response to manure disposal problems in intensive livestock areas, primarily in Northern Europe, some member states allow farmers to apply manure or slurry from their own farms on set-aside land, provided a green cover is established. This rule could undo some of the water quality benefits offered by the set-aside program. In manure surplus areas, it is possible that water quality problems could in fact worsen.

If farmers apply as much manure or slurry to their set-aside land as for normally planted areas, greater run-off and leaching could occur, because the green cover will absorb less of the available nitrates in the soil than a crop such as wheat. However, forbidding the application of manure would reduce the land area available for manure disposal, heightening that problem in some areas.

The CAP Reform program that allows producers to grow industrial crops on their set-aside land is another policy which may contradict the environmental goals of the reform. While there may be environmental gains in industry from the production of rapeseed for rapeseed methyl ester (a diesel substitute) and a variety of crops for ethanol and starch, planting on the set-aside, with fertilizer and pesticide applications, would negate the environmental benefits from idling the land. Therefore, by including the option to produce industrial crops,

the Commission places environmental goals of the CAP Reform set-aside behind concerns about producer income.

### **Farmers May Intensify Production on Remaining Land**

Intensive farming practices may not even be reduced under CAP Reform, despite the Community's assertions. While EC farmers are not likely to overuse variable inputs on the non-set-aside land due to the price cuts for grains, oilseeds, and protein crops, an OECD analysis states that under CAP Reform, "the overall intensity of farming does not have to be reduced as the producer can reallocate capital and labor resources and increase production on the land remaining in production."

Although the EC Commission promoted the set-aside program as a main environmental component of CAP Reform, increased flexibility and other changes to the rules have diminished its effectiveness. A policy specifically targeting vulnerable land would have greater environmental benefits. Other EC policies, such as the 20-year set-aside and the afforestation subsidy, would provide much clearer environmental gains, but the EC has yet to fund these adequately.

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## **Organic Farming Could Thrive Under CAP Reform**

*The EC has established common rules for the production and marketing of organic crop products, which could increase trade between member states. EC certification is required for non-EC organic products. With a CAP Reform subsidy, the organic sector will probably expand in the EC, which could help reduce EC surpluses.*

[By Travis Lee and Daniel J. Plunkett]

Organic farming has benefits for the environment and for the market supply balance in the EC. Many consumers consider food grown without chemical inputs to be healthier, and are willing to pay a higher price. Lower yielding organic farms use less intensive production practices, a goal of CAP Reform, and could help lower EC commodity surpluses, which would be beneficial to other exporting countries, including the United States. Large price premiums and a special CAP Reform subsidy may make organic farming increasingly profitable in the EC, even with yields 40 to 50 percent below those of conventional farming.

In 1990, the EC-10 (excluding Italy and Greece) had about 9,000 organic farms with over 150,000 hectares of land in organic production (table 20.1), 0.27 percent of total arable land in these countries (excluding eastern Germany). Only half as much land was devoted to organic production in 1987. Organic area in the Netherlands alone increased by 20 percent from 1990 to 1992.

### **EC Organic Label Gives Assurance to Consumers, Legitimacy to Producers**

The EC has established an official label for products grown through organic farming, which in most member states is translated as "biological agriculture." The common label should promote increased trade in organic products between member states because consumers can be sure that all products with the organic label were grown and handled according to the same standards.

The EC regulation applies to both unprocessed and processed agricultural crop products. Common EC rules on organic livestock production are expected in 1993. The EC legislation prohibits claims or advertising on the label that suggest organic products are in any way nutritionally superior. An inspection body in each EC member state will oversee the system.

## **Production Rules Specify 2-year Conversion Period, Allowable Farm Inputs**

To qualify for the organic label, agricultural products must be grown on land managed according to organic practices for at least 2 years to diminish the effects of past chemical use on the land. The fertility and biological activity of the soil can only be maintained or increased by planting legumes, green manures or deep-rooting plants in rotation; using organic material in the soil, whether composted or not; and using farmyard manure. The new organic rules only allow control of pests, diseases, and weeds through the choice of appropriate species and varieties to plant; an appropriate rotation program; a mechanical cultivation procedure; use of hedges, control over nesting sites, and release of predators; and flame weeding. If the above methods are not sufficient, the EC has approved lists of mineral and other natural applications. There are also detailed lists of food additives and processing aids that may be used in the preparation of food-stuffs, and a list of other acceptable ingredients not produced organically (mostly tropical fruits and nuts).

## **Organic Farming Tests Farmer Management Skills, But May Still Not Be Viable**

Farming according to organic principles makes the choice of site, seed variety, and the timing of planting more important than under conventional practices. Other factors essential to organic farming include better knowledge of soil types and potential weed problems, as well as developing suitable rotations with legumes and other nitrogen-fixing plants such as clover. Organic cropping can require large amounts of organic manure (manure from animals fed organically-grown grain), which could be hard to find in areas reliant on conventional fertilizers.

In an important U.K. study, yields were considerably lower using organic practices (figure 20.1). However, the price premium and lower input costs for the organically grown products resulted in higher gross margins for winter barley and both spring and winter wheat (figure 20.2). Organic

methods required much greater labor on the part of the farm operator, and, as a result, total farm income lagged well behind that of conventional producers. Compared with conventional farming, income from off-farm and on-farm nonagricultural activities may be even more important for organic farmers.

The price premium for organic products in the U.K. study ranged from £45 (\$68) per ton for spring barley to over £8,000 (\$12,000) per ton for leeks. Experience in Denmark suggests that the price premium can be jeopardized by rapid expansion of the sector, unless there is an accompanying expansion in consumer demand, which can be facilitated by marketing campaigns. Limited consumer demand could be the greatest obstacle to the growth of organic farming in the EC.

Since organic products cannot be marketed with the organic label during the first 2 years, farmers take a substantial income loss. One study estimates that the adaptation of farm equipment and the revenue lost due to lower yields can cost up to £900 (\$1,400) per hectare over the 2 years. Some countries already recognize labels for food produced under partially organic conditions. The U.K. offers a "conservation grade" under which farmers can market their products during the 2-year period of conversion necessary to get the EC organic label.

## **Organic Farming Eligible for Subsidy Under CAP Reform**

Farmers who introduce or continue organic farming methods can receive 150 ECU (\$205) per hectare under the CAP Reform directive promoting farming practices compatible with the environment. This subsidy can be increased to 350 ECU (\$479) per hectare if the farmer undertakes additional

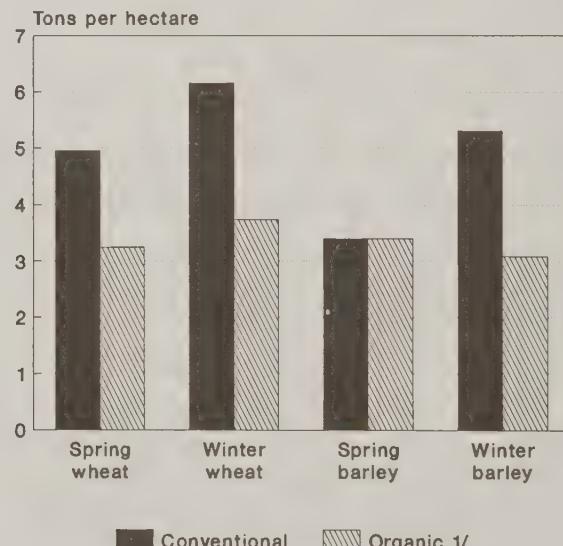
Table 20.1: Organic farms in the EC

1990	Organic farms	Organic area
	Number	Hectares
Belgium	150	1,200
Denmark	523	11,581
W. Germany	2,685	54,295
France	3,500	50,000
Ireland	150	3,700
Luxembourg	14	550
Netherlands	478	7,600
Spain	750	5,500
Portugal	61	550
U.K.	700	16,000

Source: Danish Organic Committee.

Figure 20.1

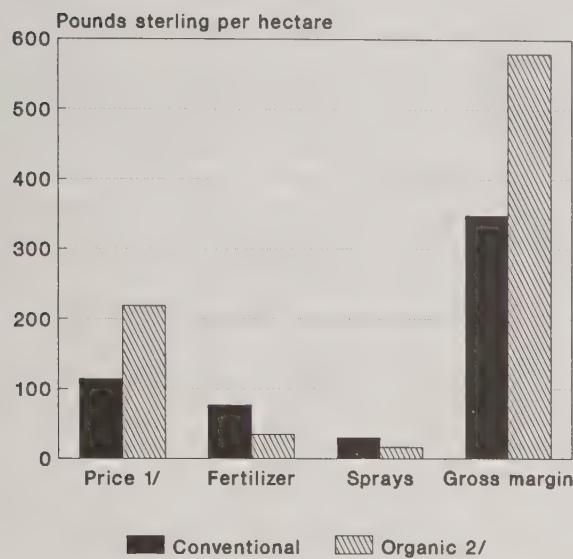
## **Yields Under Organic and Conventional Farming**



1/ The study's definition of organic was less strict than in the new EC rules.  
Source: University of Cambridge.

Figure 20.2

## Costs and Returns of Growing Spring Wheat, U.K.



1/ Pounds sterling per ton.

2/ Non-EC definition.

Source: University of Cambridge.

environmental measures. Growers of citrus fruits can get a special premium of 1,000 ECU (\$1,369) per hectare and olive producers 400 ECU (\$548) per hectare for meeting the requirements of this directive.

The aid scheme for organic farming will be cofinanced by the EC budget, with the EC contributing half (75 percent in certain less-favored areas). The EC member states must therefore contribute out of national funds in order for organic farmers to receive EC support. Northern countries, with environmental problems related to agriculture, are most likely to provide support for this program.

### EC To Establish Rules for Organic Livestock Production in 1993

The EC rules on organic livestock production will likely specify that, in order to receive the EC label, livestock pro-

ducers must use organically grown feed, avoid the use of preventive medicines on animals, and promote animal welfare and environmental protection. There will probably be stocking rate limitations to ensure fewer animals per hectare of forage. Organic animal feed is more costly than conventional, but organic manure is probably more valuable as well.

Organic milk production may be the most advanced organic livestock sector in the EC, with well-developed markets in Denmark and the U.K. Organic meat production, with fewer animals per hectare, could help reduce the manure surplus problems of the northern European countries, and contribute to lower exports of pork from Denmark and chicken and eggs from the Netherlands.

### EC Trade in Organic Products Now Easier, Third Country Certification Necessary

The official EC label opens the way for an expansion of the current minimal trade in organic products within the EC. While member states will be able to require stricter standards for products grown in that country, they cannot block products entering with the approved EC label. So far, however, no third-country imports have been granted the EC label.

Non-EC products are eligible for the EC organic label if the EC accepts the other country's standards as "satisfying the requirement of equivalence." Argentina, Austria, Australia, Israel, Sweden, and Switzerland currently are allowed to export products labeled organic to the EC, while the EC is reviewing the certification procedure in these countries. U.S. organic products are being exported to the EC, although each item is subject to a documentation inspection in order to be recertified at EC ports.

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Appendix table 1: Real gross domestic product for Western Europe, 1980-92

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Billion 1985 national currency													
EC 1/	3,435	3,333	3,293	3,244	3,301	3,357	3,384	3,432	3,583	3,726	3,818	3,872	3,870
Belgium	4,649	4,605	4,642	4,659	4,764	4,793	4,888	5,010	5,255	5,467	5,651	5,784	5,848
Denmark	540	535	551	565	590	615	638	639	647	652	664	672	684
France	4,359	4,410	4,522	4,553	4,613	4,700	4,818	4,927	5,149	5,360	5,480	5,544	5,616
W. Germany	1,743	1,745	1,726	1,758	1,812	1,838	1,877	1,903	1,970	2,046	2,142	2,210	2,234
Greece	4,321	4,324	4,341	4,359	4,478	4,618	4,693	4,662	4,851	5,019	5,012	5,102	5,153
Ireland	16	16	17	17	17	18	18	19	19	21	22	22	23
Italy	755,610	759,610	761,610	758,610	789,590	810,580	833,570	859,550	894,540	922,520	940,510	955,330	963,928
Luxembourg	181	180	182	188	199	205	215	221	233	248	254	260	266
Netherlands	398	396	390	395	408	418	427	431	443	461	478	483	489
Portugal	3,378	3,420	3,492	3,485	3,421	3,524	3,676	3,863	4,017	4,238	4,424	4,479	4,578
Spain	26,341	26,276	26,596	27,076	27,563	28,201	29,125	30,768	32,358	33,899	35,123	35,954	36,421
U.K.	325	321	325	338	343	356	370	387	404	413	417	408	406
Austria	1,263	1,260	1,273	1,298	1,316	1,348	1,364	1,387	1,442	1,496	1,566	1,613	1,637
Finland	290	295	305	315	324	335	342	356	375	395	397	373	359
Iceland	106	110	112	106	110	114	121	133	132	131	132	134	129
Norway	424	428	429	446	463	500	521	531	529	531	540	550	568
Sweden	791	783	792	814	847	866	885	906	931	951	954	947	931
Switzerland	213	216	214	216	220	228	235	239	246	256	261	260	259
U.S.	3,564	3,627	3,549	3,687	3,915	4,039	4,156	4,284	4,453	4,566	4,603	4,432	4,525

1/ Expressed in European Currency Units.

Source: International Monetary Fund. International Financial Statistics; DRI/McGraw-Hill; OECD.

Appendix table 2: Consumer prices in Western Europe, 1980-92

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Index													
European Community 1/	67.8	75.3	82.6	88.9	94.6	100.0	103.0	106.2	109.9	115.3	121.4	127.2	132.7
Belgium	71.2	76.6	83.3	89.7	95.4	100.0	101.3	102.9	104.1	107.3	111.0	114.6	117.3
Denmark	68.3	76.3	84.1	89.9	95.5	100.0	103.7	107.8	112.7	118.1	121.2	124.1	126.7
France	63.3	71.8	80.3	88.0	94.6	100.0	102.5	105.9	108.8	112.6	116.4	120.0	123.3
Germany 2/	82.7	87.9	92.5	95.6	97.9	100.0	99.9	100.1	101.4	104.2	107.0	110.7	115.2
Greece	39.1	48.7	58.9	70.8	83.8	100.0	123.0	143.2	162.5	184.8	222.5	265.9	308.0
Ireland	56.1	67.5	79.1	87.4	94.9	100.0	103.8	107.1	109.4	113.8	117.6	121.4	125.1
Italy	51.8	61.9	72.1	82.6	91.6	100.0	105.8	110.8	116.5	123.8	131.7	140.1	147.5
Luxembourg	70.8	76.5	83.7	90.9	96.1	100.0	100.3	100.2	101.7	105.1	109.0	112.4	115.9
Netherlands	81.5	87.0	92.1	94.7	97.8	100.0	100.1	99.4	100.1	101.2	103.7	107.7	111.7
Portugal	35.2	42.2	51.8	64.8	83.8	100.0	111.7	122.2	133.9	150.8	170.9	190.3	207.3
Spain	56.2	64.4	73.6	82.6	91.9	100.0	108.8	114.5	120.0	128.2	136.8	144.9	153.5
United Kingdom	70.7	79.1	85.9	89.8	94.3	100.0	103.4	107.7	113.0	121.8	133.4	141.2	146.4
EFTA 1/ 3/	72.0	78.8	84.7	89.8	95.1	100.0	103.2	107.0	111.5	116.8	124.2	131.2	135.2
Austria	78.8	84.2	88.8	91.7	96.9	100.0	101.7	103.1	105.1	107.8	111.3	115.0	119.7
Finland	66.3	74.3	81.4	88.2	94.5	100.0	102.9	107.1	112.6	120.0	127.3	132.6	136.0
Iceland	14.0	21.1	31.9	58.8	75.9	100.0	121.9	143.5	180.5	218.0	251.8	268.9	279.6
Norway	64.9	73.8	82.1	89.0	94.6	100.0	107.2	116.5	124.3	130.0	135.4	140.0	143.3
Sweden	65.0	72.9	79.2	86.2	93.1	100.0	104.2	108.6	114.9	122.3	135.1	147.8	151.1
Switzerland	81.1	86.3	91.2	93.9	96.7	100.0	100.8	102.2	104.1	107.4	113.2	119.8	124.7
Western Europe 1/	68.3	75.8	82.9	89.0	94.7	100.0	103.0	106.3	110.1	115.5	121.7	127.7	133.0
United States	76.6	84.5	89.7	92.6	96.6	100.0	101.9	105.7	109.9	115.2	121.4	126.6	130.4

1/ Estimates are the sum of the individual country's index weighted by the country's GDP share.

2/ Includes the former East Germany from 1991.

3/ European Free Trade Association. Liechtenstein not available.

Source: International Monetary Fund. International Financial Statistics; DRI/McGraw-Hill; OECD.

Appendix table 3: Unemployment rates in Western Europe, 1980-92

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
	Percent												
EC 1/	6.2	7.8	9.0	10.1	10.8	10.9	10.9	10.6	10.0	9.0	8.4	9.2	9.5
Belgium	7.9	10.2	11.9	13.2	13.2	12.3	11.6	11.3	10.3	9.3	8.7	9.3	10.3
Denmark	7.0	9.2	9.8	10.4	10.1	9.0	7.8	7.8	8.6	9.3	9.5	10.4	11.1
France	6.3	7.5	8.2	8.4	9.8	10.2	10.4	10.5	10.0	9.4	8.9	9.5	10.2
Germany 2/	2.5	3.4	5.0	6.6	7.1	7.1	6.4	6.2	6.2	5.6	4.9	4.3	5.8
Greece	2.8	4.0	5.8	7.8	8.1	7.8	7.4	7.4	7.6	7.4	7.0	7.6	9.2
Ireland	7.3	9.9	11.4	14.0	15.5	17.4	17.4	17.5	16.7	15.6	13.7	15.8	17.2
Italy	7.7	8.5	9.2	10.0	10.1	10.2	11.2	12.1	12.2	12.1	11.1	11.0	10.7
Luxembourg	0.7	1.0	1.3	1.6	1.7	1.6	1.4	1.6	1.4	1.3	1.3	1.3	1.5
Netherlands	4.1	6.3	8.8	11.2	11.2	10.0	9.2	8.7	8.3	7.4	6.4	7.0	6.8
Portugal	8.0	7.7	7.5	7.9	8.6	8.7	8.6	7.1	5.7	5.0	4.7	4.1	4.0
Spain	11.5	14.3	16.4	18.2	20.1	21.5	21.0	20.5	19.5	17.3	16.3	16.3	18.4
United Kingdom	6.1	9.1	10.4	11.2	11.4	11.6	11.8	10.4	8.2	6.2	5.9	8.3	10.1
EFTA 1/3/	1.6	1.9	2.5	2.9	2.8	2.6	2.4	2.4	2.4	2.2	2.4	3.5	5.3
Austria	1.6	2.2	3.1	3.7	3.8	3.6	3.1	3.8	3.6	3.1	3.3	3.3	3.7
Finland	4.7	4.9	5.4	5.4	5.2	5.0	5.4	5.1	4.5	3.5	3.5	7.6	13.1
Iceland	0.3	0.4	0.7	1.0	1.3	0.9	0.6	0.5	0.6	1.6	1.8	1.5	3.0
Norway	1.7	2.0	2.7	3.4	3.2	2.6	2.0	2.1	3.2	4.9	5.2	5.5	5.9
Sweden	1.6	2.1	2.6	2.9	2.6	2.4	2.2	1.9	1.6	1.4	1.5	3.1	5.3
Switzerland	0.2	0.2	0.4	0.8	1.0	0.8	0.7	0.6	0.7	0.6	0.6	1.1	2.5
Western Europe 1/	5.6	7.1	8.2	9.2	9.8	9.8	9.8	9.6	9.0	8.2	7.6	8.5	9.0
United States	7.2	7.6	9.7	9.6	7.5	7.2	7.0	6.2	5.5	5.3	5.5	6.7	7.4

1/ Estimates are the sum of the individual country's unemployment rate weighted by the country's GDP share.

2/ Includes the former East Germany from 1991.

3/ European Free Trade Association. Liechtenstein not available.

Source: Organization for Economic Cooperation and Development.

Appendix table 4: Balance of payments on current accounts for Western Europe, 1980-92

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
	Billion U.S. dollars												
EC	-40.54	-18.91	-16.97	9.20	11.48	18.94	50.53	35.82	30.15	6.01	-10.38	-59.07	-67.91
Bel/Lux	-4.93	-4.17	-2.59	-0.50	-0.06	0.69	2.95	2.79	3.59	3.20	4.55	4.73	5.60
Denmark	-2.47	-1.88	-2.26	-1.18	-1.64	-2.77	-4.49	-3.00	-1.34	-1.12	1.35	2.17	5.16
France	-4.21	-4.81	-12.08	-5.17	-0.88	-0.04	2.43	-4.45	-4.80	-5.62	-13.77	-6.15	1.34
Germany 1/	-14.10	-3.43	4.98	5.43	9.59	17.05	40.10	46.07	50.33	56.85	46.39	-19.50	-23.42
Greece	-2.21	-2.41	-1.89	-1.88	-2.13	-3.28	-1.68	-1.22	-0.96	-2.56	-3.54	-1.52	-1.20
Ireland	-2.13	-2.60	-1.94	-1.22	-1.04	-0.69	-0.68	0.37	0.64	0.52	0.92	2.00	2.20
Italy	-9.96	-9.70	-6.39	1.38	-2.50	-3.54	2.91	-1.66	6.19	-10.89	-12.73	-21.45	-21.30
Netherlands	-1.16	3.55	4.71	4.91	6.33	4.09	4.03	3.93	6.86	9.81	9.22	8.76	8.39
Portugal	-1.06	-2.61	-3.25	-1.00	-0.51	0.41	1.14	0.45	1.07	0.15	0.14	-0.72	-0.39
Spain	-5.17	-4.99	-4.25	2.75	2.02	2.85	3.97	-0.23	-3.78	-10.93	-16.82	-15.95	-23.68
United Kingdom	6.86	14.13	7.99	5.67	2.30	4.16	-0.16	-7.23	-27.66	-33.41	-26.09	-11.44	-20.61
EFTA 2/	-6.72	0.76	-0.63	1.53	8.90	6.80	-2.03	-2.56	-2.43	-0.37	-1.76	4.64	7.65
Austria	-1.73	-1.46	0.64	0.25	-0.26	-0.27	-2.01	-2.60	-3.71	0.24	1.17	0.12	0.14
Finland	-1.41	-0.39	-0.76	-0.94	-0.01	-0.73	-0.73	-1.81	-2.76	-5.51	-6.69	-6.70	-5.00
Iceland	-0.08	-0.15	-0.26	0.06	-0.13	-0.12	0.02	-0.19	-0.22	-0.08	-0.16	-0.32	-0.30
Norway	1.10	2.18	0.66	1.99	2.92	3.11	-4.55	-4.11	-3.89	0.21	3.89	4.94	1.90
Sweden	-4.40	-2.85	-3.44	-1.03	0.25	-1.23	0.59	-0.14	-0.69	-3.27	-6.91	-3.24	-1.71
Switzerland	-0.20	3.43	2.53	1.21	6.14	6.04	4.65	6.29	8.84	8.04	6.94	9.85	12.61
Western Europe	-47.26	-18.15	-17.60	10.73	20.38	25.74	48.50	33.26	27.72	5.64	-12.14	-54.43	-60.27
United States	1.20	7.26	-5.86	-40.18	-98.99	-122.25	-145.42	-162.22	-126.37	-101.19	-90.46	-3.69	-59.70

1/ Includes the former East Germany from 1991.

2/ European Free Trade Association. Liechtenstein not available.

Source: International Monetary Fund. International Financial Statistics; and DRI/McGraw-Hill for most 1992 estimates.

Appendix table 5: Exchange rates for Western European currencies, 1980-92 1/

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
	National currency per U.S. dollar												
EC 2/	0.72	0.89	1.02	1.12	1.27	1.31	1.02	0.87	0.84	0.91	0.79	0.81	0.77
Bel/Lux	29.24	37.13	45.69	51.13	57.78	59.38	44.67	37.33	36.77	39.40	33.42	34.15	32.15
Denmark	7.33	7.12	8.33	9.15	10.36	10.60	8.09	6.84	6.73	7.31	6.19	6.40	6.04
France	4.23	5.43	6.57	7.62	8.74	8.99	6.93	6.01	5.96	6.38	5.45	5.64	5.29
Germany 3/	1.82	2.26	2.43	2.55	2.85	2.94	2.17	1.80	1.76	1.88	1.62	1.66	1.56
Greece	42.62	55.41	66.80	88.06	112.72	138.12	139.98	135.43	141.86	162.42	158.51	182.27	190.62
Ireland	0.49	0.62	0.70	0.80	0.92	0.94	0.75	0.67	0.66	0.71	0.60	0.62	0.59
Italy	856.40	1,136.80	1,352.50	1,518.80	1,757.00	1,909.40	1,490.81	1,296.07	1,301.63	1,372.09	1,198.10	1,240.60	1,232.40
Netherlands	1.99	2.50	2.67	2.85	3.21	3.32	2.45	2.03	1.98	2.12	1.82	1.87	1.76
Portugal	50.06	60.55	79.47	110.78	146.39	170.40	149.59	140.88	143.95	157.46	142.55	144.48	135.00
Spain	71.70	92.32	109.86	143.43	160.76	170.04	140.05	123.48	116.49	118.38	101.93	103.91	102.38
United Kingdom	0.43	0.49	0.57	0.66	0.75	0.77	0.68	0.61	0.56	0.61	0.56	0.57	0.57
Austria	12.94	15.93	17.06	17.96	20.01	20.69	15.27	12.64	12.35	13.23	11.37	11.68	10.99
Finland	3.73	4.32	4.82	5.57	6.01	6.20	5.07	4.40	4.18	4.29	3.82	4.04	4.48
Iceland	4.80	7.22	12.35	24.84	31.69	41.51	41.10	38.68	43.01	57.04	58.28	59.00	57.55
Norway	4.94	5.74	6.45	7.30	8.16	8.60	7.39	6.74	6.52	6.90	6.26	6.48	6.21
Sweden	4.23	5.06	6.28	7.67	8.27	8.60	7.12	6.34	6.13	6.45	5.92	6.05	5.82
Switzerland	1.68	1.96	2.03	2.10	2.35	2.46	1.80	1.49	1.46	1.64	1.39	1.43	1.41

1/ All exchange rates are period averages.

2/ Represents number of European Currency Units equal to 1 U.S. dollar.

3/ Includes the former East Germany from 1991.

Source: International Monetary Fund. International Financial Statistics.

Appendix table 6: European Community exchange rates vs. the European Currency Unit, 1980-92 1/

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
	National currency per ECU												
EC													
Bel/Lux	40.60	41.30	44.68	45.43	45.44	44.91	43.80	43.04	43.43	43.38	42.42	42.22	41.60
Denmark	7.83	7.92	8.15	8.13	8.15	8.02	7.94	7.88	7.95	8.05	7.86	7.91	7.81
France	5.87	6.04	6.43	6.77	6.87	6.80	6.80	6.93	7.04	7.02	6.91	6.97	6.85
Germany 2/	2.25	2.51	2.38	2.27	2.24	2.23	2.13	2.07	2.07	2.07	2.05	2.05	2.02
Greece	59.24	61.62	65.30	78.09	88.44	105.66	137.41	156.19	167.56	178.88	201.43	225.22	246.60
Ireland	0.68	0.69	0.69	0.71	0.73	0.72	0.73	0.78	0.78	0.78	0.77	0.77	0.76
Italy	1,189.10	1,263.10	1,323.60	1,349.70	1,376.00	1,430.65	1,462.06	1,494.66	1,537.27	1,510.67	1,521.90	1,533.30	1,587.50
Netherlands	2.76	2.78	2.62	2.54	2.52	2.51	2.40	2.33	2.33	2.32	2.31	2.31	2.27
Portugal	69.55	68.49	78.01	98.69	115.67	130.26	147.02	162.63	170.07	173.40	181.09	178.60	174.70
Spain	99.70	102.68	107.56	127.50	126.57	129.17	137.46	142.17	137.61	130.41	129.42	128.47	139.92
U.K.	0.60	0.55	0.56	0.59	0.59	0.59	0.67	0.71	0.66	0.67	0.71	0.70	0.74
United States	1.39	1.12	0.98	0.89	0.79	0.76	0.98	1.15	1.18	1.10	1.27	1.24	1.30

1/ All exchange rates are period averages. Reflect market rates, rather than central rates within the European Monetary System.

2/ Includes the former East Germany from 1991.

Source: International Monetary Fund. International Financial Statistics; and EUROSTAT External Trade for Spain and Portugal.

Appendix table 7: Monthly and annual U.S.\$/ECU exchange rate, 1980-93

Month	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
--U.S. dollars per European Currency Unit--														
January	1.444	1.286	1.067	0.962	0.804	0.702	0.891	1.112	1.250	1.138	1.202	1.358	1.295	1.212
February	1.430	1.207	1.033	0.944	0.831	0.676	0.928	1.130	1.217	1.125	1.218	1.384	1.263	1.182
March	1.358	1.206	1.013	0.938	0.860	0.675	0.955	1.132	1.234	1.115	1.197	1.281	1.230	1.178
April	1.347	1.175	0.998	0.925	0.845	0.725	0.951	1.147	1.241	1.112	1.212	1.211	1.242	1.221
May	1.402	1.107	1.033	0.919	0.815	0.720	0.965	1.162	1.228	1.067	1.232	1.199	1.268	1.217
June	1.423	1.066	0.978	0.892	0.816	0.733	0.962	1.141	1.184	1.047	1.223	1.151	1.303	1.182
July	1.441	1.034	0.959	0.879	0.786	0.772	0.990	1.124	1.127	1.095	1.262	1.149	1.371	1.134
August	1.413	1.007	0.952	0.852	0.776	0.798	1.021	1.116	1.104	1.078	1.316	1.176	1.402	NA
September	1.415	1.057	0.941	0.852	0.742	0.785	1.028	1.145	1.111	1.063	1.313	1.208	1.387	NA
October	1.385	1.086	0.930	0.866	0.728	0.837	1.040	1.152	1.140	1.103	1.352	1.211	1.325	NA
November	1.335	1.099	0.916	0.844	0.746	0.852	1.029	1.227	1.185	1.119	1.381	1.258	1.239	NA
December	1.299	1.084	0.955	0.822	0.720	0.873	1.045	1.264	1.184	1.167	1.367	1.300	1.239	NA
Annual	1.391	1.118	0.981	0.891	0.789	0.762	0.984	1.154	1.184	1.102	1.273	1.241	1.297	1.190

NA = not available.

Source: Statistical Office of the European Communities, EUROSTAT External Trade. June and July 1993 is from Federal Reserve.

Appendix table 8: Population in Western Europe, 1980-92

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Million														
European Community	318.0	319.1	319.8	320.4	321.0	321.6	322.3	323.2	324.2	325.4	327.8	329.4	330.4	331.6
Belgium	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.8	9.8	9.8	9.8
Denmark	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.2	5.2	5.2
France	53.9	54.2	54.5	54.7	55.0	55.2	55.4	55.6	55.9	56.2	56.7	57.1	57.2	57.6
West Germany	61.5	61.7	61.6	61.4	61.1	61.0	61.0	61.1	61.4	62.0	63.2	64.1	64.7	65.2
Greece	9.6	9.7	9.8	9.9	9.9	9.9	10.0	10.0	10.0	10.0	10.1	10.1	10.1	10.1
Ireland	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.6
Italy	56.4	56.5	56.6	56.8	57.0	57.1	57.3	57.3	57.4	57.5	57.7	57.2	57.2	57.2
Luxembourg	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Netherlands	14.1	14.3	14.3	14.4	14.4	14.5	14.6	14.7	14.8	14.8	14.9	15.1	15.2	15.2
Portugal	9.8	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	10.6	10.6	10.6
Spain	37.5	37.8	38.0	38.2	38.3	38.5	38.6	38.7	38.8	38.9	39.0	39.0	39.1	39.3
United Kingdom	56.3	56.4	56.3	56.4	56.5	56.6	56.8	56.9	57.1	57.2	57.4	57.4	57.4	57.5
EFTA 1/	31.3	31.4	31.5	31.5	31.6	31.7	31.8	31.9	32.0	32.2	32.5	32.8	33.0	33.1
Austria	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.8	7.8	7.9	8.0
Finland	4.8	4.8	4.8	4.9	4.9	4.9	4.9	4.9	5.0	5.0	5.0	5.0	5.0	5.0
Iceland	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Norway	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.3	4.3
Sweden	8.3	8.3	8.3	8.3	8.3	8.4	8.4	8.4	8.4	8.5	8.6	8.6	8.7	8.7
Switzerland	6.3	6.4	6.4	6.4	6.4	6.5	6.5	6.6	6.6	6.7	6.7	6.8	6.9	6.9
Western Europe	349.3	350.4	351.3	351.9	352.6	353.2	354.1	355.1	356.2	357.6	360.3	362.2	363.5	364.8
United States	227.8	229.9	232.2	234.3	236.4	238.5	240.7	242.8	245.1	247.3	249.9	252.7	255.8	258.4

1/ European Free Trade Association. Liechtenstein not available.

Note: Data do not include the former East Germany.

Source: International Monetary Fund. International Financial Statistics.

Appendix table 9: Comparison of PSEs and CSEs for various commodities in the EC, USA, and EFTA Countries

Commodity			Austria	Finland	Norway	Sweden	Switzerland	EC	USA
			(in percent terms)						
All Products	PSE	1990	48	72	74	57	79	46	27
		1991	51	72	77	63	79	49	27
		1992	49	68	77	57	75	47	28
	CSE	1990	-48	-72	-65	-61	-58	-40	-18
		1991	-50	-72	-65	-62	-59	-42	-18
		1992	-47	-67	-63	-57	-52	-40	-19
Wheat	PSE	1990	65	73	77	47	79	43	44
		1991	73	86	83	60	79	62	53
		1992	68	78	76	51	71	52	33
	CSE	1990	-50	-67	-61	-81	-48	-35	-15
		1991	-65	-71	-72	-100	-60	-55	-25
		1992	-63	-76	-49	-76	-46	-42	-13
Coarse grains	PSE	1990	38	85	79	59	83	51	21
		1991	32	87	77	68	87	56	18
		1992	31	77	79	62	87	58	22
	CSE	1990	-35	-79	-75	-48	-59	-46	--
		1991	-31	-80	-69	-53	-64	-52	--
		1992	-32	-75	-69	-54	-63	-50	--
Oilseeds	PSE	1990	n.c.	90	n.c.	68	98	70	6
		1991	n.c.	92	n.c.	59	97	67	7
		1992	n.c.	89	n.c.	67	95	65	7
	CSE	1990	--	-59	-9	-84	-73	--	--
		1991	--	-65	-10	-78	-69	--	--
		1992	--	-70	-9	-78	-68	--	--
Milk	PSE	1990	66	76	80	73	85	69	63
		1991	65	76	83	77	84	67	55
		1992	64	74	83	72	83	67	56
	CSE	1990	-68	-77	-72	-65	-45	-60	-56
		1991	-66	-75	-70	-73	-45	-56	-48
		1992	-63	-72	-71	-71	-41	-55	-49
Beef and veal	PSE	1990	52	65	67	48	82	54	24
		1991	55	67	71	60	80	54	29
		1992	58	68	73	55	77	58	30
	CSE	1990	-49	-69	-59	-54	-71	-47	-19
		1991	-51	-67	-61	-53	-68	-46	-23
		1992	-54	-64	-62	-51	-63	-49	-24
Poultry	PSE	1990	50	53	50	33	86	18	9
		1991	49	46	52	28	82	15	10
		1992	50	39	49	20	82	11	9
	CSE	1990	-55	-65	-82	-45	-75	-27	-1
		1991	-51	-63	-80	-38	-72	-26	-1
		1992	-51	-51	-77	-35	-70	-20	--
Pigmeat	PSE	1990	24	51	46	29	59	7	5
		1991	34	49	57	31	61	8	6
		1992	26	40	50	21	48	8	7
	CSE	1990	-32	-66	-67	-60	-65	-19	1
		1991	-40	-65	-69	-41	-68	-25	1
		1992	-30	-52	-63	-35	-56	-20	1
Sheepmeat	PSE	1990	n.c.	82	91	55	86	73	6
		1991	n.c.	82	92	59	84	72	6
		1992	n.c.	78	90	78	81	71	6
	CSE	1990	-82	-74	-62	-47	-68	-61	--
		1991	-87	-73	-58	-37	-67	-56	--
		1992	-83	-62	-59	-68	-63	-53	--

Figures for 1991 are estimated; 1992 are provisional; n.c.= not calculated; -- = none or not available.

Source: Agricultural Policies, Markets and Trade: Monitoring and Outlook, 1993. OECD.

Appendix table 10: EC imports of non-grain feeds

Total EC imports of non-grain feeds, 1983-1991

Product	Total imports									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1991
---Million tons---										
Soybean meal	9.834	8.873	10.442	10.895	10.341	9.352	8.882	10.141	10.457	
Rapeseed meal	0.306	0.364	0.285	0.836	0.446	0.337	0.488	0.483	0.668	
Sunflower meal	0.972	0.712	1.126	1.282	0.941	1.034	1.179	1.333	1.517	
Cottonseed meal	0.640	0.426	0.587	0.748	0.559	0.798	0.896	0.558	0.564	
Linseed meal	0.572	0.501	0.438	0.381	0.482	0.469	0.401	0.421	0.382	
Copra meal	0.878	0.604	0.825	1.237	1.201	1.062	0.789	1.075	1.077	
Palm kernel meal	0.651	0.608	0.908	0.993	1.028	1.070	1.208	1.449	1.437	
Groundnut meal	0.367	0.154	0.132	0.205	0.248	0.406	0.409	0.342	0.306	
Fish meal	0.619	0.608	0.841	0.919	0.885	0.754	0.931	0.939	0.734	
Other oil meal	0.883	0.808	0.530	0.436	0.606	0.571	0.794	0.698	0.507	
Corn gluten feed	3.566	3.734	3.542	4.097	4.707	4.737	4.666	5.602	5.316	
Corn germ meal	1.302	1.036	0.958	1.440	2.393	2.462	1.869	1.726	1.067	
Feed peas	0.094	0.104	0.115	0.227	0.628	0.461	0.305	0.233	0.370	
Feed beans	0.055	0.074	0.108	0.140	0.214	0.232	0.302	0.388	0.451	
Lupines	0.075	0.152	0.200	0.204	0.320	0.154	0.168	0.111	0.173	
Total protein-rich feeds	20.814	18.758	21.037	24.040	24.999	23.899	23.287	25.499	25.026	
Tapioca	7.729	5.257	6.336	5.822	6.986	7.024	6.615	5.803	6.027	
Sweet potatoes	0.142	0.101	0.351	0.602	0.607	0.532	0.306	0.203	0.813	
Distillers dried grains	0.498	0.416	0.436	0.633	0.853	0.743	0.695	0.904	0.962	
Citrus pellets	1.430	1.322	1.467	1.237	1.652	1.553	1.587	1.856	1.589	
Beet pulp	0.550	0.431	0.498	0.357	0.553	0.912	0.562	0.853	1.228	
Molasses	2.839	2.981	2.984	3.507	3.467	3.293	3.075	3.354	3.256	
Wheat bran	1.679	1.001	0.887	0.665	0.224	0.121	0.098	0.086	0.094	
Alfalfa	0.224	0.184	0.081	0.162	0.129	0.074	0.065	0.067	0.082	
Fruit residue	0.157	0.095	0.106	0.207	0.347	0.508	0.316	0.365	0.502	
Total starch-rich foods	15.248	11.788	13.146	13.192	14.818	14.760	13.319	13.491	14.553	
Total non-grain feeds	36.062	30.546	34.183	37.232	39.817	38.659	36.606	38.990	39.579	

Note: EC-10 prior to 1986.

Source: Toepfer International, Grain and Feed Stuffs Market Statistics.

The sources relied upon by Toepfer in this publication are: FAO, Oilworld (Hamburg), Eurostat, German Statistical Office, USDA, ZMP (Bonn).

EC imports of non-grain feeds from the U.S., 1987-1992

Product	Total exports						Total exports					
	1987	1988	1989	1990	1991	1992	1987	1988	1989	1990	1991	1992
---Thousand tons---												
Beet pulp	330	394	213	203	325	324	39,180	41,885	23,415	22,039	36,197	37,731
Bran	21	27	69	26	34	60	1,578	1,996	6,718	3,767	5,661	6,570
Brewer's dregs	272	157	436	237	182	97	31,546	19,058	61,886	29,116	19,449	10,450
Citrus pulp pellets	517	625	674	547	529	504	56,288	81,716	80,279	60,721	73,769	61,094
Corn germ meal	6	7	41	181	530	494	872	849	5,013	20,951	68,694	65,651
Corn gluten feed	4,226	4,163	4,773	5,303	5,457	5,606	522,511	574,081	640,483	655,287	696,010	717,492
Corn gluten meal	9	8	14	16	98	17	1,163	1,415	3,097	3,527	14,176	4,030
Molasses	279	199	172	2	101	20	17,664	12,578	10,459	10,020	14,692	11,010
Residues of starch	78	58	6	8	270	459	9,205	8,807	686	821	35,352	65,416
Cattle feed	595	745	284	591	158	4,724	78,962	102,464	46,930	81,721	25,817	4,441
Total U.S. imports	5,738	5,638	6,398	6,523	7,526	7,581	680,007	742,385	832,036	806,249	964,000	979,444

Source: U.S. Department of Commerce.

Appendix table 11: Total transfers associated with agricultural policies in OECD countries

Country	Transfers from taxpayers (1)					Transfers from consumers (2)					Budget revenues (3)					Total transfers (1)+(2)-(3)								
	Billion ECU					Billion ECU					Billion ECU					Billion ECU								
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991				
Australia	0.2	0.5	0.6	0.9	1.0	0.9	0.3	0.3	0.4	0.5	0.3	0.0	0.0	0.0	0.0	0.5	0.8	1.0	1.3	1.4				
Austria	0.9	0.8	0.8	1.0	1.0	2.4	2.1	1.9	2.3	2.4	2.3	0.0	0.0	0.1	0.1	3.3	2.9	2.5	3.1	3.3				
Canada	4.9	4.5	4.9	4.2	5.4	4.2	3.1	2.9	3.1	3.3	2.9	0.1	0.0	0.0	0.0	7.9	7.4	8.0	7.3	8.7				
EC-12	33.1	38.7	37.0	39.3	47.5	51.8	71.7	64.6	58.0	66.1	71.4	69.3	0.8	0.9	0.8	0.7	0.5	0.6	104.0	102.4				
Finland	1.4	1.6	1.7	1.9	2.0	1.5	2.7	2.7	2.9	3.0	2.8	2.1	0.2	0.1	0.1	0.1	3.8	4.2	4.5	4.8				
Japan	15.5	16.5	16.3	12.5	14.1	13.9	52.0	56.1	54.3	43.2	50.9	53.2	9.9	12.9	11.0	8.0	11.9	9.9	57.5	59.8				
New Zealand	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0				
Norway	1.5	1.6	1.7	1.7	1.7	1.5	1.5	1.4	1.6	1.6	1.6	0.2	0.1	0.1	0.1	2.9	3.0	3.0	3.3	3.2				
Sweden	0.5	0.5	0.5	0.4	0.9	0.5	2.3	2.3	2.3	2.3	2.3	2.2	0.2	0.1	0.1	0.2	2.7	2.7	2.6	3.0				
Switzerland	1.4	1.5	1.6	1.7	1.9	2.0	3.9	4.0	3.3	3.5	3.0	0.7	0.7	0.5	0.5	4.6	4.8	4.4	4.7	5.0				
United States	44.7	37.4	43.4	34.8	44.1	49.0	27.2	19.3	20.9	21.1	22.2	22.1	1.2	0.8	0.7	0.7	70.6	56.0	63.7	55.2	65.6			
Total	104.2	103.6	108.5	98.2	119.6	126.5	167.2	155.9	148.4	146.6	160.9	159.0	13.3	15.6	13.3	10.2	14.1	12.2	257.9	244.2	243.7	234.9	266.5	273.4

(1) Transfers from taxpayers include both federal and state or provincial expenditure in the U.S., Australia, Canada, Austria and Germany. For the EC, these expenditures cover not only Community expenditure, but also member state expenditure.

(2) Transfers from consumers represent the implicit tax on consumers due to market price support including the effect of border policies. They correspond to the total market price support element of CSE net of consumer subsidies borne by taxpayers.

(3) Budget revenues arising from price policies only exist for products in which a country is not self-sufficient; they are estimated by multiplying the tariff or price wedge by the difference between consumption and production levels of these commodities.

Source: Organization for Economic Cooperation and Development, "Agricultural Policies, Markets and Trade: Monitoring and Outlook." Paris, 1993

Appendix table 12: Agricultural conversion (green) rates for selected commodities, 1988/89-1993/94 1/ 2/

Commodity	United West															
	Belgium	Luxembourg	Denmark	France	Ireland	Italy	Netherland	Kingdom	German	Greece	Spain	Portugal				
						National currency per ECU										
Cereals																
1989/90	48.287	8.9301	7.6979	0.85677	1685.65	2.6609	0.7028	2.3736	197.28	154.21	195.64					
1990/91	48.481	8.9660	7.8834	0.87741	1758.72	2.6609	0.7585	2.3736	224.72	154.21	208.19					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	153.50	208.68					
1992/93	48.556	8.9799	7.8956	0.91360	1997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91					
1993/94	48.556	8.9799	7.8956	0.95727	2194.16	2.6526	0.9591	2.3542	314.41	179.49	222.76					
Rapeseed																
1989/90	48.287	8.9301	7.6979	0.85677	1685.65	2.6379	0.7028	2.3611	185.28	152.90	195.64					
1990/91	48.481	8.9660	7.8834	0.87741	1758.72	2.6485	0.7585	2.3505	221.35	152.90	208.19					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68					
1992/93	48.556	8.9799	7.8956	0.91360	1997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91					
1993/94	48.556	8.9799	7.8956	0.95727	2194.16	2.6526	0.9591	2.3542	314.41	179.49	222.76					
Sunflowerseed																
1989/90	48.287	8.9301	7.6979	0.85677	1687.94	2.6379	0.7030	2.3611	186.35	152.90	196.30					
1990/91	48.504	8.9744	7.8871	0.87783	1759.55	2.6497	0.7649	2.3516	221.82	152.90	208.33					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68					
1992/93	48.556	8.9799	7.8956	0.91360	1997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91					
1993/94	48.556	8.9799	7.8956	0.95727	2194.16	2.6526	0.9591	2.3542	314.41	179.49	222.76					
Soybean																
1989/90	48.287	8.9301	7.6979	0.85677	1690.24	2.6379	0.7033	2.3611	187.42	152.90	196.96					
1990/91	48.527	8.9744	7.8908	0.87824	1760.38	2.6510	0.7713	2.3528	222.30	152.90	208.48					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68					
1992/93	48.556	8.9799	7.8956	0.91360	1997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91					
1993/94	48.556	8.9799	7.8956	0.95727	2194.16	2.6526	0.9591	2.3542	314.41	179.49	222.76					
Beef and veal																
1989/90	48.287	8.9301	7.8518	0.87390	1690.14	2.6379	0.7308	2.3505	168.49	155.79	194.34					
1990/91	48.455	8.9612	7.8792	0.87694	1757.77	2.6477	0.7513	2.3493	207.45	155.79	206.90					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	154.14	208.68					
1992/93	48.556	8.9799	7.8956	0.91095	1979.42	2.6526	0.8850	2.3542	302.34	160.70	209.72					
1993/94	48.556	8.9799	7.8956	0.97643	2166.58	2.6526	0.9486	2.3542	319.06	182.74	222.76					
Pork																
1989/90	48.287	8.9301	7.8834	0.85677	1719.62	2.6379	0.7406	2.3611	195.64	148.02	195.64					
1990/91	48.466	8.9631	7.8834	0.87713	1758.15	2.6476	0.7987	2.3498	238.96	146.54	206.55					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	257.90	145.76	205.19					
1992/93	48.556	8.9799	7.8956	0.91360	2038.05	2.6526	0.9173	2.3542	302.61	162.49	207.53					
1993/94	48.556	8.9799	7.8956	0.95727	2194.16	2.6526	0.9591	2.3542	314.41	179.49	222.76					
Sheep and goat																
1989/90	48.287	8.9301	7.6979	0.85677	1708.26	2.6379	0.7022	2.3505	211.11	153.32	199.55					
1990/91	48.351	8.9419	7.7081	0.85790	1711.13	2.6413	0.7022	2.3514	212.40	153.18	199.81					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68					
1992/93	48.556	8.9799	7.8956	0.87878	1773.90	2.6526	0.8090	2.3542	265.32	151.52	206.67					
1993/94	48.556	8.9799	7.8956	0.87878	2087.00	2.6526	0.9391	2.3542	310.35	166.08	209.52					
Milk and milk products																
1989/90	48.287	8.9301	7.6979	0.85677	1690.14	2.6379	0.7076	2.3505	168.49	155.79	194.34					
1990/91	48.455	8.9612	7.8792	0.87694	1757.77	2.6470	0.7513	2.3493	207.45	154.79	206.90					
1991/92	48.556	8.9799	7.8956	0.87878	1761.45	2.6526	0.7954	2.3542	252.12	154.14	208.68					
1992/93	48.556	8.9799	7.8956	0.91095	1979.42	2.6526	0.8850	2.3542	302.34	160.70	209.72					
1993/94	48.556	8.9799	7.8956	0.97643	2166.58	2.6526	0.9486	2.3542	319.06	182.74	222.76					

1/ Agricultural conversion (green) rates are set at various times during the year. The conversion rates are marketing year averages.

2/ The 1993/94 green rates are those issued by the Commission for the start of the 1993/94 marketing year and may have changed.

Green rates apply from the beginning of the marketing year for each commodity.

Source: CAP Monitor; Agra Europe; and the Official Journal of the European Communities, various issues. For green rates from earlier years, see Herlihy, Michael, et al. Agricultural Statistics of the EC, 1960-85. SB-770, USDA, ERS. Dec. 1988.

Appendix table 13: EC agricultural spending by commodity and economic type

	1984	1985	1986	1987 1/	1988 2/	1989 3/	1990 4/	1991 5/	1992 6/	1993 7/
	---Million ECU---									
Grains 8/	1,698	2,361	3,486	4,237	4,337	3,262	3,885	5,189	5,544	7,103
Export refunds	945	1,113	1,804	3,166	2,986	2,642	2,473	3,679	NA	3,523
Intervention	753	1,248	1,682	1,071	1,352	619	1,412	1,510	NA	3,580
Sugar	1,632	1,805	1,726	2,036	2,082	1,980	1,389	1,815	1,937	2,000
Export refunds	1,190	1,353	1,238	1,516	1,566	1,451	926	1,251	NA	1,342
Intervention	442	452	487	520	516	529	462	564	NA	658
Oils and fats	1,752	1,803	2,632	3,827	3,917	4,138	4,645	5,424	5,886	4,835
Export refunds	9	23	32	87	89	99	136	112	NA	104
Intervention	1,744	1,780	2,600	3,739	3,828	4,039	4,509	5,312	NA	4,731
Dairy	5,442	5,933	5,406	5,013	5,915	4,987	4,956	5,637	4,007	5,315
Export refunds	1,943	2,028	2,155	2,258	3,014	2,869	1,931	2,249	NA	2,163
Intervention	3,498	3,905	3,251	2,755	2,901	2,118	3,025	3,388	NA	3,152
Meat, poultry, and eggs	3,246	3,477	4,348	3,033	4,179	4,376	4,711	6,507	6,504	6,291
Export refunds	1,620	1,505	1,387	1,141	1,135	1,776	1,463	1,651	NA	1,973
Intervention	1,627	1,972	2,961	1,892	3,044	2,600	3,248	4,856	NA	4,318
Fruit and vegetables	1,455	1,231	986	967	708	1,019	1,253	1,107	1,262	1,483
Export refunds	59	75	77	67	65	79	81	95	NA	103
Intervention	1,396	1,156	909	900	644	940	1,172	1,012	NA	1,380
Other products 9/	2,772	2,908	3,014	3,150	4,364	4,190	4,012	4,657	4,960	5,260
Export refunds	438	491	546	654	689	659	628	825	NA	834
Intervention	2,334	2,417	2,468	2,496	3,675	3,531	3,384	3,832	NA	4,426
Total market organization	17,996	19,517	21,598	22,262	25,503	23,951	24,850	30,334	30,100	32,287
Monetary support	376	190	482	655	570	364	308	159	29	24
Other compensation	--	136	114	259	346	314	292	859	865	1,143
Depreciation of stocks	--	--	--	--	1,240	1,443	1,361	797	800	--
Set-Aside	--	--	--	--	--	3	21	77	148	489
Reserves and Provisions	--	--	--	--	--	--	--	--	12	109
Clearance of accounts	-26	-99	-55	-208	29	-203	-378	-438	79	--
Carryover from previous year	--	--	--	--	--	--	--	602	--	--
Guarantee Section, Total	18,347	19,744	22,138	22,968	27,687	25,873	26,454	32,390	32,032	34,052
Guidance Section, Total 10/	676	720	774	909	1,203	1,434	1,974	2,306	2,701	3,003
Total Agricultural Spending	19,022	20,464	22,912	23,877	28,890	27,307	28,428	34,696	34,732	37,055
Exchange Rate (\$/ECU) 11/	0.7890	0.7631	0.9837	1.1544	1.1840	1.1017	1.2730	1.2405	1.2820	1.1894
Total Agricultural Spending (Million \$)	15,009	15,616	22,538	27,804	34,128	30,084	36,189	43,040	44,527	44,074

NA = not available. Totals may not add in some cases due to rounding.

1/ Expenditure charged against the 1987 budget (Jan. 1, 1987 to Oct. 31, 1987); remainder of year budgeted against 1988.

2/ Expenditure charged against the 1988 budget (Nov. 1, 1987 to Oct. 15, 1988); remainder of year budgeted against 1989.

3/ Expenditure charged against the 1989 budget (Oct. 16, 1988 to Oct. 15, 1989); remainder of year budgeted against 1990.

4/ Expenditure charged against the 1990 budget (Oct. 16, 1989 to Oct. 15, 1990); remainder of year budgeted against 1991.

5/ Expenditure charged against the 1991 budget (Oct. 16, 1990 to Oct. 15, 1991); remainder of year budgeted against 1992.

6/ Expenditure charged against the 1992 budget (Oct. 16, 1991 to Oct. 15, 1992); remainder of year budgeted against 1993.

7/ 1993 appropriations.

8/ Includes rice.

9/ Includes protein crops, textile crops, hops and seeds, wine, tobacco, fisheries, and refunds for non-Annex II products.

10/ Structural programs.

11/ 1993 figure is average of rates for January to July.

Source: EC Commission. See table 3.1 for further breakdown of budgetary spending.

Appendix table 14: Main crops in the European Community

Commodity	1989		1990		1991		1992	
	Area Thou. ha	% of total agric. area						
Cereals (total, excl. rice)	35,517	27.8	33,932	26.6	35,879	27.1	35,329	26.7
of which: common wheat	13,422	10.5	12,792	10.0	13,367	10.1	13,608	10.3
durum wheat	2,825	2.2	2,996	2.3	3,390	2.6	3,246	2.4
grain maize	3,975	3.1	3,502	2.7	3,849	2.9	3,837	2.9
barley	11,764	9.2	11,358	8.9	12,075	9.1	11,430	8.6
rye	951	0.7	945	0.7	1,174	0.9	1,063	0.8
sorghum	116	0.1	111	0.1	119	0.0	140	0.1
Rice	331	0.3	373	0.3	367	0.3	364	0.3
Sugarbeet	1,865	1.5	1,894	1.5	2,013	1.5	2,019	1.5
Fodder beet	289	0.2	268	0.2	254	0.2	223	0.2
Oilseeds (total)	4,861	3.8	5,693	4.5	6,036	4.6	5,976	4.5
of which: rape	1,679	1.3	1,981	1.6	2,461	1.9	2,343	1.8
sunflower	2,099	1.6	2,635	2.1	2,404	1.8	2,711	2.0
soybeans	629	0.5	665	0.5	482	0.4	464	0.4
Textile crops	425	0.3	427	0.3	425	0.3	424	0.3
of which: Cotton	348	0.3	352	0.3	312	0.2	NA	0.0
Other industrial crops	70	0.1	73	0.1	77	0.1	76	0.1
Tobacco	217	0.2	210	0.2	215	0.2	215	0.2
Hops	26	0.0	26	0.0	30	0.0	31	0.0
Potatoes	1,387	1.1	1,409	1.1	1,516	1.1	1,563	1.2
Dried pulses	1,866	1.5	1,896	1.5	1,831	1.4	1,838	1.4
Fresh vegetables (total)	1,928	1.5	1,914	1.5	1,951	1.5	1,933	1.5
of which: tomatoes	277	0.2	284	0.2	265	0.2	248	0.2
onions	90	0.1	93	0.1	91	0.1	91	0.1
garlic	53	0.0	49	0.0	50	0.0	47	0.0
carrots	69	0.1	70	0.1	74	0.1	73	0.1
Fresh fruit (total)	10,370	8.1	10,371	8.1	10,332	7.8	10,307	7.8
of which: olive trees	4,394	3.4	4,421	3.5	4,398	3.3	4,391	3.3
grapes	4,035	3.2	3,945	3.1	3,916	3.0	3,900	2.9
apples	330	0.3	330	0.3	336	0.3	317	0.2
pears	133	0.1	135	0.1	132	0.1	133	0.1
peaches	214	0.2	215	0.2	220	0.2	220	0.2
apricots	63	0.0	64	0.0	64	0.0	64	0.0
melons	114	0.1	108	0.1	109	0.1	107	0.1
Citrus fruit (total)	475	0.4	472	0.4	481	0.4	482	0.4
of which: oranges	322	0.3	322	0.3	331	0.2	330	0.2
lemons	106	0.1	103	0.1	102	0.1	106	0.1
Almonds	813	0.6	811	0.6	811	0.6	810	0.6
Flowers and ornamental plants	58	0.0	58	0.0	59	0.0	59	0.0
Fallow land and green fertilizer	5,316	4.2	5,532	4.3	6,277	4.7	6,471	4.9
Permanent grassland	48,520	38.0	48,521	38.1	48,791	36.8	48,788	36.8
Temporary grassland and grazing	4,769	3.7	4,839	3.8	4,986	3.8	4,965	3.7
Flax (straw)	76	0.1	79	0.1	82	0.1	153	0.1
Hemp (straw)	3	0.0	3	0.0	3	0.0	3	0.0
Chicory	5	0.0	6	0.0	7	0.0	8	0.0
Total above:	118,712	93	118,334	93	121,942	92.0	121,555	91.7
Other	9,022	7.1	9,171	7.2	10,580	8.0	10,968	8.3
Total Utilized Agricultural Area	127,734	100.0	127,505	100.0	132,522	100.0	132,522	100.0

Note: 1992 figures are provisional. Total Utilized Agricultural Area estimated for 1989-91.

Source: EUROSTAT, Crop Production. Data may not agree with USDA numbers.

Appendix table 15: Supply and use of wheat in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-1,000 tons-										
<b>European Community</b>										
<b>Belgium-Luxembourg</b>										
1989	220	6.72	1,478	200	1,425	1,118	410	1,335	1,745	410
1990	224	6.22	1,394	240	2,072	1,504	570	1,422	1,992	570
1991	223	6.87	1,533	210	2,250	1,660	590	1,453	2,043	590
1992	230	6.80	1,564	290	2,300	1,750	630	1,454	2,084	630
1993	220	6.82	1,500	320	2,350	1,750	650	1,470	2,120	650
<b>Denmark</b>										
1989	446	7.23	3,224	301	52	1,060	1,625	527	2,152	365
1990	534	7.40	3,953	365	55	1,713	1,740	460	2,200	460
1991	521	7.04	3,670	460	50	1,350	1,900	491	2,391	439
1992	591	6.17	3,648	439	25	1,350	1,950	400	2,350	412
1993	635	7.09	4,500	412	50	1,630	2,300	600	2,900	432
<b>France</b>										
1989	5,000	6.42	32,100	2,540	516	18,147	5,600	6,509	12,109	4,900
1990	5,200	6.46	33,600	4,900	150	18,600	7,500	6,700	14,200	5,850
1991	5,200	6.65	34,600	5,850	200	18,000	7,400	7,600	15,000	7,650
1992	5,200	6.31	32,800	7,650	200	19,500	7,000	6,800	13,800	7,350
1993	4,800	6.67	32,000	7,350	200	20,500	7,500	6,700	14,200	4,850
<b>Germany</b>										
1989	1,777	6.21	11,032	4,090	2,028	4,233	5,100	5,181	10,281	3,872
1990	1,671	6.61	11,053	3,872	1,808	2,997	4,000	3,697	7,697	5,741
1991	2,453	6.77	16,610	5,741	1,100	4,400	5,400	6,400	11,800	7,572
1992	2,598	5.98	15,542	7,572	1,200	4,000	5,800	6,400	12,200	8,114
1993	2,407	6.52	15,700	7,114	1,200	5,000	5,800	7,100	12,900	7,114
<b>Greece</b>										
1989	890	2.23	1,984	403	313	1,012	30	1,506	1,536	152
1990	880	1.91	1,680	152	373	816	35	1,267	1,302	87
1991	1,053	2.84	2,987	87	250	880	250	1,650	1,900	544
1992	944	2.12	2,000	544	190	700	260	1,640	1,900	134
1993	900	2.44	2,200	134	400	700	200	1,500	1,700	334
<b>Ireland</b>										
1989	62	7.65	474	43	295	61	265	441	706	45
1990	72	8.35	601	45	328	146	378	351	729	99
1991	86	7.56	650	99	178	131	470	235	705	91
1992	93	7.42	690	91	175	130	460	265	725	101
1993	88	7.50	660	101	220	80	460	360	820	81
<b>Italy</b>										
1989	2,943	2.52	7,413	1,750	4,889	2,529	1,400	8,823	10,223	1,300
1990	2,773	2.92	8,108	1,300	5,500	2,700	1,600	8,958	10,558	1,650
1991	2,683	3.51	9,416	1,650	7,300	3,600	1,500	10,366	11,866	2,900
1992	2,519	3.55	8,943	2,900	6,685	3,600	1,500	10,378	11,878	3,050
1993	2,390	3.51	8,400	3,050	6,600	3,400	1,400	10,250	11,650	3,000
<b>Netherlands</b>										
1989	138	7.59	1,047	153	3,285	2,644	420	1,266	1,686	155
1990	141	7.63	1,076	155	1,677	1,301	571	884	1,455	152
1991	123	7.67	944	152	1,700	500	671	1,479	2,150	146
1992	127	8.01	1,017	146	1,700	475	650	1,600	2,250	138
1993	120	7.92	950	138	1,900	350	650	1,825	2,475	163
<b>Portugal</b>										
1989	334	1.81	605	100	387	5	60	988	1,048	39
1990	180	1.49	268	39	749	28	50	967	1,017	11
1991	226	1.42	322	11	700	14	90	920	1,010	9
1992	311	0.93	288	9	750	7	119	912	1,031	9
1993	295	1.42	420	9	560	20	200	760	960	9
<b>Spain</b>										
1989	2,295	2.27	5,200	300	97	527	1,200	3,845	5,045	25
1990	2,006	2.37	4,759	25	1,445	477	1,699	4,003	5,702	50
1991	2,257	2.22	5,000	50	1,548	565	1,533	4,000	5,533	500
1992	2,296	1.92	4,400	500	1,800	700	1,800	3,900	5,700	300
1993	1,900	2.37	4,500	300	1,600	300	1,800	3,900	5,700	400
<b>United Kingdom</b>										
1989	2,106	6.66	14,030	2,175	897	3,783	5,480	5,964	11,444	1,875
1990	2,050	6.83	14,000	1,875	856	4,165	5,400	5,516	10,916	1,650
1991	1,981	7.27	14,400	1,650	800	4,600	4,600	5,975	10,575	1,675
1992	2,060	6.65	13,700	1,675	800	4,500	4,750	5,750	10,500	1,175
1993	1,800	6.83	12,300	1,175	900	3,200	4,250	5,775	10,025	1,150

See footnotes at end of table.

Continued--

Appendix table 15: Supply and use of wheat in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha				1,000 tons				
<b>Total EC-12 2/</b>										
1989	16,211	4.85	78,587	12,055	14,184	35,119	21,590	36,385	57,975	13,138
1990	15,731	5.12	80,492	12,968	15,013	34,447	23,543	34,225	57,768	16,320
1991	16,806	5.36	90,132	15,960	16,076	35,700	24,404	40,569	64,973	22,116
1992	16,969	4.99	84,592	21,816	15,825	36,712	24,919	39,499	64,418	21,413
1993	15,555	5.34	83,130	20,103	15,980	36,930	25,210	40,240	65,450	18,183
<b>East Germany</b>										
1989	770	4.48	3,450	371	100	50	2,300	1,550	3,850	21
1990	759	5.52	4,189	21	100	1,000	1,300	1,689	2,989	321
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Other Western Europe</b>										
<b>Austria</b>										
1989	278	4.90	1,363	196	20	319	395	587	982	278
1990	278	5.05	1,404	278	15	403	310	620	930	364
1991	271	5.07	1,375	364	17	446	450	574	1,024	286
1992	246	5.39	1,325	286	--	330	490	569	1,059	222
1993	240	4.38	1,050	222	--	220	290	562	852	200
<b>Finland</b>										
1989	151	3.36	507	315	29	25	433	63	330	393
1990	180	4.11	739	393	18	40	374	63	673	736
1991	118	3.65	431	736	28	185	369	81	560	641
1992	88	2.41	212	641	120	25	385	93	470	563
1993	100	3.20	320	563	30	--	390	80	443	523
<b>Norway</b>										
1989	37	4.24	157	386	182	--	83	328	411	314
1990	45	5.27	237	314	167	--	84	321	405	313
1991	50	5.14	257	313	174	--	80	324	404	340
1992	50	3.50	175	340	200	--	80	320	400	315
1993	50	3.50	175	315	230	--	80	320	400	320
<b>Sweden</b>										
1989	285	6.14	1,750	346	49	672	426	611	1,037	436
1990	335	6.70	2,243	436	51	1,253	502	640	1,142	335
1991	255	5.81	1,481	335	37	390	493	640	1,133	330
1992	264	5.33	1,406	330	50	100	781	605	1,386	300
1993	290	5.86	1,700	300	50	500	640	610	1,250	300
<b>Switzerland</b>										
1989	96	6.34	609	595	210	--	231	566	796	618
1990	97	5.96	578	618	200	--	252	565	803	593
1991	95	6.23	592	593	153	--	248	551	770	568
1992	94	5.66	532	568	200	--	231	569	780	520
1993	94	5.66	532	520	250	--	232	580	772	530
<b>Total other Western Europe</b>										
1989	847	5.18	4,386	1,838	490	1,016	1,568	2,155	3,556	2,039
1990	935	5.56	5,201	2,039	451	1,696	1,522	2,209	3,953	2,341
1991	789	5.24	4,136	2,341	409	1,021	1,640	2,170	3,891	2,165
1992	742	4.92	3,650	2,165	570	455	1,967	2,156	4,095	1,920
1993	774	4.88	3,777	1,920	560	720	1,632	2,152	3,717	1,873
<b>Total Western Europe</b>										
1989	17,058	4.86	82,973	13,893	14,674	36,135	23,158	38,540	61,531	15,177
1990	16,666	5.14	85,693	15,007	15,464	36,143	25,065	36,434	61,721	18,661
1991	17,595	5.36	94,268	18,301	16,485	36,721	26,044	42,739	68,864	24,281
1992	17,711	4.98	88,242	23,981	16,395	37,167	26,886	41,655	68,513	23,333
1993	16,329	5.32	86,907	22,023	16,540	37,650	26,842	42,392	69,167	20,056

/-- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-90 do not include the former East Germany.

Source: USDA.

Appendix table 16: Supply and use of corn in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks					
European Community	1,000 ha	Tons/ha					1,000 tons								
Belgium-Luxembourg															
1989	7	7.71	54	--	1,128	29	460	693	1,153	--					
1990	7	8.00	56	--	975	16	556	459	1,015	--					
1991	10	7.10	71	--	1,255	123	523	680	1,203	--					
1992	9	9.56	86	--	1,250	200	525	611	1,136	--					
1993	10	8.00	80	--	1,000	25	385	670	1,055	--					
Denmark															
1989	--	--	--	--	43	--	15	28	43	--					
1990	--	--	--	--	60	--	10	50	60	--					
1991	--	--	--	--	59	--	18	41	59	--					
1992	--	--	--	--	60	--	20	40	60	--					
1993	--	--	--	--	60	--	20	40	60	--					
France															
1989	1,910	7.02	13,400	2,835	34	8,106	5,200	1,867	7,067	1,076					
1990	1,600	5.94	9,500	1,076	14	5,255	3,200	1,654	4,854	500					
1991	1,780	7.25	12,900	500	33	5,741	4,500	1,517	6,017	1,889					
1992	1,850	8.00	14,800	1,889	247	6,800	4,700	1,700	6,400	3,589					
1993	1,700	7.65	13,000	3,589	100	7,000	5,000	2,000	7,000	2,889					
Germany															
1989	209	7.53	1,573	275	1,268	129	1,529	1,130	2,659	328					
1990	199	7.40	1,472	328	1,066	332	1,259	967	2,226	308					
1991	283	6.84	1,937	308	1,050	188	1,750	1,056	2,806	301					
1992	296	7.23	2,139	301	1,100	250	1,700	1,168	2,868	422					
1993	306	7.19	2,200	422	1,100	300	1,800	1,150	2,950	472					
Greece															
1989	180	9.17	1,650	160	20	31	1,616	64	1,680	119					
1990	162	8.95	1,450	119	261	176	1,450	104	1,554	100					
1991	219	8.13	1,780	100	112	692	1,232	68	1,300	0					
1992	170	8.53	1,450	0	380	400	1,410	0	1,410	20					
1993	170	8.82	1,500	20	150	250	1,300	70	1,370	50					
Ireland															
1989	--	--	--	5	68	1	18	50	68	4					
1990	--	--	--	4	45	--	10	35	45	4					
1991	--	--	--	4	38	--	9	29	38	4					
1992	--	--	--	4	44	--	8	36	44	4					
1993	--	--	--	4	30	--	0	30	30	4					
Italy															
1989	804	7.91	6,359	261	783	59	6,200	1,009	7,209	135					
1990	768	7.64	5,864	135	851	33	5,900	883	6,783	34					
1991	859	7.26	6,238	34	1,243	22	6,337	949	7,286	207					
1992	878	8.63	7,576	207	300	200	6,726	1,000	7,726	157					
1993	870	8.05	7,000	157	800	100	6,750	1,000	7,750	107					
Netherlands															
1989	1	6.00	6	--	2,007	139	937	937	1,874	--					
1990	1	3.00	3	--	1,867	17	777	1,076	1,853	--					
1991	1	5.00	5	--	1,747	10	810	932	1,742	--					
1992	8	4.50	36	--	2,010	15	944	1,087	2,031	--					
1993	5	7.60	38	--	1,700	--	809	929	1,738	--					
Portugal															
1989	260	2.59	674	198	743	--	1,200	186	1,386	229					
1990	272	2.36	643	229	710	--	1,202	171	1,373	209					
1991	261	2.48	646	209	753	4	1,214	167	1,381	223					
1992	219	2.56	560	223	820	--	1,150	230	1,380	223					
1993	150	2.47	370	223	900	6	1,130	170	1,300	187					
Spain															
1989	510	6.08	3,100	200	1,829	188	4,160	700	4,860	81					
1990	450	6.22	2,800	81	1,381	320	3,111	800	3,911	31					
1991	490	6.33	3,100	31	1,569	168	3,536	696	4,232	300					
1992	390	6.41	2,500	300	1,500	20	3,480	800	4,280	--					
1993	250	6.40	1,600	--	1,600	--	2,100	1,000	3,100	100					
United Kingdom															
1989	--	--	--	20	1,670	26	260	1,270	1,530	143					
1990	--	--	--	143	1,431	15	260	1,274	1,534	25					
1991	--	--	--	25	1,485	14	220	1,276	1,496	--					
1992	--	--	--	--	1,550	--	230	1,320	1,550	--					
1993	--	--	--	--	1,600	10	230	1,360	1,590	--					

See footnotes at end of table.

Continued--

Appendix table 16: Supply and use of corn in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production 1,000 tons	Beginnin g stocks 1,000 tons	Total stocks 1,000 tons	Total imports 1,000 tons	Total exports 1,000 tons	Feed use	Non-feed use	Total consumption 1,000 tons	Ending stocks 1,000 tons
EC-12 2/											
1989	3,881	6.91	26,816	3,954	9,593	8,708	21,595	7,934	29,529	2,115	
1990	3,459	6.30	21,788	2,115	8,661	6,164	17,735	7,473	25,208	1,211	
1991	3,903	6.83	26,677	1,211	9,344	6,962	20,149	7,411	27,560	2,924	
1992	3,820	7.63	29,147	2,924	9,261	7,885	20,893	7,992	28,885	4,415	
1993	3,461	7.45	25,788	4,415	9,040	7,691	19,524	8,419	27,943	3,809	
East Germany											
1989	10	6.00	60	200	1,050	NA	800	100	900	410	
1990	30	2.67	80	410	NA	NA	450	-50	400	90	
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Other Western Europe											
Austria											
1989	194	7.69	1,491	126	--	172	1,220	136	1,356	89	
1990	198	8.18	1,620	89	--	--	1,257	251	1,508	201	
1991	185	8.49	1,571	201	1	--	1,231	392	1,623	150	
1992	173	6.46	1,118	150	--	--	1,017	161	1,178	90	
1993	170	8.24	1,400	90	20	--	1,200	220	1,420	90	
Finland											
1989	--	--	--	--	--	--	--	--	--	--	
1990	--	--	--	--	--	--	--	--	--	--	
1991	--	--	--	--	--	--	--	--	--	--	
1992	--	--	--	--	--	--	--	--	--	--	
1993	--	--	--	--	--	--	--	--	--	--	
Norway											
1989	--	--	--	4	--	--	4	--	4	--	
1990	--	--	--	--	--	--	--	--	--	--	
1991	--	--	--	--	--	--	--	--	--	--	
1992	--	--	--	--	--	--	--	--	--	--	
1993	--	--	--	--	--	--	--	--	--	--	
Sweden											
1989	3	4.00	12	--	1	--	13	--	13	--	
1990	3	4.00	12	--	--	--	12	--	12	--	
1991	3	4.00	12	--	--	--	12	--	12	--	
1992	3	4.00	12	--	--	--	12	--	12	--	
1993	3	3.33	10	--	--	--	10	--	10	--	
Switzerland											
1989	28	9.25	259	125	64	--	300	13	313	135	
1990	27	8.63	233	135	40	--	270	13	283	125	
1991	27	8.37	226	125	21	--	250	4	254	118	
1992	26	8.08	210	118	25	--	240	13	253	100	
1993	26	8.08	210	100	50	--	245	15	260	100	
Total Other Western Europe											
1989	225	7.83	1,762	255	65	172	1,537	149	1,686	224	
1990	228	8.18	1,865	224	40	--	1,539	264	1,803	326	
1991	215	8.41	1,809	326	22	--	1,493	396	1,889	268	
1992	202	6.63	1,340	268	25	--	1,269	174	1,443	190	
1993	199	8.14	1,620	190	70	--	1,455	235	1,690	190	
Total Western Europe											
1989	4,106	6.96	28,578	4,209	9,658	8,880	23,132	8,083	31,215	2,339	
1990	3,687	6.42	23,653	2,339	8,701	6,164	19,274	7,737	27,011	1,537	
1991	4,118	6.92	28,486	1,537	9,366	6,962	21,642	7,807	29,449	3,192	
1992	4,022	7.58	30,487	3,192	9,286	7,885	22,162	8,166	30,328	4,605	
1993	3,660	7.49	27,408	4,605	9,110	7,691	20,979	8,654	29,633	3,999	

/-- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 17: Supply and use of barley in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
<b>European Community</b>										
<b>Belgium-Luxembourg</b>										
1989	125	5.65	706	25	1,112	435	490	862	1,352	56
1990	107	5.53	592	56	1,918	1,099	465	936	1,401	66
1991	89	6.44	573	66	1,740	796	510	1,058	1,568	15
1992	82	6.15	504	15	1,570	800	420	740	1,160	129
1993	85	6.24	530	129	1,570	770	400	960	1,360	99
<b>Denmark</b>										
1989	988	5.02	4,959	322	40	1,043	3,275	349	3,624	654
1990	910	5.48	4,988	654	34	1,512	3,029	507	3,536	628
1991	944	5.34	5,041	628	18	1,204	3,130	521	3,651	832
1992	904	3.34	3,022	832	350	300	3,050	418	3,468	436
1993	730	5.21	3,800	436	200	536	3,000	500	3,500	400
<b>France</b>										
1989	1,810	5.44	9,840	1,037	85	4,343	3,900	1,800	5,700	919
1990	1,770	5.73	10,150	919	241	4,501	4,000	2,000	6,000	809
1991	1,750	6.17	10,800	809	186	4,062	4,100	2,033	6,133	1,600
1992	1,800	5.89	10,600	1,600	200	4,800	4,000	1,700	5,700	1,900
1993	1,600	5.94	9,500	1,900	200	4,500	4,200	1,800	6,000	1,100
<b>Germany</b>										
1989	1,746	5.56	9,716	2,650	532	1,052	6,400	2,796	9,196	2,650
1990	1,693	5.43	9,195	2,061	561	1,793	6,000	2,550	8,550	2,061
1991	2,535	5.72	14,494	4,061	443	2,989	7,217	3,199	10,416	5,593
1992	2,408	5.06	12,196	5,593	200	2,300	7,000	3,500	10,500	5,189
1993	2,250	5.51	12,400	5,189	400	3,500	7,300	3,200	10,500	3,989
<b>Greece</b>										
1989	225	2.22	500	50	109	--	580	29	609	50
1990	245	1.96	480	50	258	--	640	48	688	100
1991	185	3.03	560	100	100	--	600	121	721	39
1992	180	2.50	450	39	100	--	560	0	560	29
1993	180	2.78	500	29	60	--	530	20	550	39
<b>Ireland</b>										
1989	263	5.61	1,475	100	1	306	880	265	1,145	125
1990	237	5.60	1,328	125	8	234	800	277	1,077	150
1991	193	5.60	1,078	150	13	207	603	191	794	240
1992	190	5.71	1,084	240	10	240	604	250	854	240
1993	181	5.66	1,025	240	10	240	600	250	850	185
<b>Italy</b>										
1989	471	3.49	1,644	100	431	--	1,850	225	2,075	100
1990	467	3.64	1,702	100	783	--	2,145	340	2,485	100
1991	472	3.80	1,793	100	617	2	2,060	348	2,408	100
1992	435	3.87	1,682	100	450	--	1,790	342	2,132	100
1993	400	3.75	1,500	100	500	--	1,660	340	2,000	100
<b>Netherlands</b>										
1989	50	5.02	251	100	1,721	1,314	450	258	708	50
1990	40	5.48	219	50	1,632	939	550	337	887	75
1991	42	5.67	238	75	2,120	1,159	450	249	699	575
1992	34	6.00	204	575	1,700	1,200	650	59	709	570
1993	32	5.78	185	570	1,700	1,260	450	175	625	570
<b>Portugal</b>										
1989	125	0.70	87	20	64	--	50	106	156	50
1990	55	1.13	62	15	106	--	75	93	168	75
1991	70	1.14	80	15	141	4	125	83	208	125
1992	85	0.42	36	24	200	--	130	105	235	130
1993	80	1.14	91	25	149	5	135	105	240	135
<b>Spain</b>										
1989	4,260	2.14	9,100	2,037	5	1,322	7,867	1,153	9,020	800
1990	4,359	2.16	9,414	800	56	706	6,766	1,438	8,204	1,360
1991	4,371	2.09	9,141	1,360	48	832	6,617	1,700	8,317	1,400
1992	4,011	1.49	5,994	1,400	300	500	4,994	1,500	6,494	700
1993	3,780	2.12	8,000	700	--	300	6,700	1,000	7,700	700
<b>United Kingdom</b>										
1989	1,662	4.86	8,070	1,270	294	2,203	3,965	2,221	6,186	1,270
1990	1,529	5.17	7,900	1,120	200	2,221	4,000	2,029	6,029	1,120
1991	1,390	5.54	7,700	1,200	222	1,870	3,600	2,372	5,972	1,200
1992	1,309	5.61	7,350	1,025	275	1,600	4,000	2,200	6,200	1,025
1993	1,200	5.25	6,300	625	300	2,000	3,500	1,500	5,000	625

See footnotes at end of table.

Continued--

Appendix table 17: Supply and use of barley in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
1,000 tons										
EC-12 2/										
1989	11,725	3.95	46,348	7,711	4,394	12,018	29,707	10,064	39,771	6,724
1990	11,412	4.03	46,030	5,950	5,797	13,005	28,470	10,555	39,025	6,544
1991	12,041	4.28	51,498	8,564	5,648	13,125	29,012	11,875	40,887	11,719
1992	11,438	3.77	43,122	11,443	5,355	11,740	27,198	10,814	38,012	10,448
1993	10,518	4.17	43,831	9,943	5,089	13,111	28,475	9,850	38,325	7,942
East Germany										
1989	879	5.35	4,700	299	900	100	4,500	1,040	5,540	259
1990	920	5.21	4,797	259	--	1,000	2,000	497	2,497	1,559
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other Western Europe										
Austria										
1989	292	4.87	1,422	89	3	252	929	274	1,203	59
1990	292	5.21	1,520	59	2	274	930	282	1,212	95
1991	297	4.80	1,427	95	4	309	852	285	1,137	80
1992	275	4.88	1,342	80	2	150	950	274	1,224	50
1993	270	4.07	1,100	50	--	70	930	100	1,030	50
Finland										
1989	517	3.15	1,630	286	--	49	1,150	455	1,605	262
1990	486	3.54	1,720	262	17	194	1,051	380	1,431	374
1991	541	3.73	2,016	374	--	582	973	461	1,434	374
1992	473	3.24	1,531	374	--	90	917	448	1,365	450
1993	490	3.27	1,600	450	--	300	1,000	400	1,400	350
Norway										
1989	175	3.34	585	171	75	--	634	33	667	164
1990	173	4.23	731	164	--	--	514	21	535	360
1991	177	3.90	691	360	--	--	515	30	545	506
1992	170	2.52	428	506	--	--	520	30	550	384
1993	170	2.52	428	384	--	--	520	30	550	262
Sweden										
1989	477	3.92	1,870	196	--	79	1,578	143	1,721	266
1990	461	4.60	2,122	266	--	466	1,522	150	1,672	250
1991	460	4.21	1,935	250	20	460	1,306	219	1,525	220
1992	432	2.92	1,261	220	100	--	1,225	181	1,406	175
1993	400	4.00	1,600	175	40	130	1,250	250	1,500	185
Switzerland										
1989	56	6.43	360	230	60	--	400	15	415	266
1990	60	5.78	347	225	55	--	397	10	407	250
1991	60	5.93	356	222	46	--	398	7	405	220
1992	60	5.33	320	201	40	--	375	6	381	175
1993	60	5.33	320	200	40	--	350	11	361	185
Total Other Western Europe										
1989	1,517	3.87	5,867	972	138	380	4,691	920	5,611	1,017
1990	1,472	4.38	6,440	976	74	934	4,414	843	5,257	1,329
1991	1,535	4.19	6,425	1,301	70	1,351	4,044	1,002	5,046	1,400
1992	1,410	3.46	4,882	1,381	142	240	3,987	939	4,926	1,234
1993	1,390	3.63	5,048	1,259	80	500	4,050	791	4,841	1,032
Total Western Europe										
1989	13,242	3.94	52,215	8,683	4,532	12,398	34,398	10,984	45,382	7,741
1990	12,884	4.07	52,470	6,926	5,871	13,939	32,884	11,398	44,282	7,873
1991	13,576	4.27	57,923	9,865	5,718	14,476	33,056	12,877	45,933	13,119
1992	12,848	3.74	48,004	12,824	5,497	11,980	31,185	11,753	42,938	11,682
1993	11,908	4.10	48,879	11,202	5,169	13,611	32,525	10,641	43,166	8,974

/-- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 18: Supply and use of rye in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
1,000 tons										
European Community										
Belgium-Luxembourg										
1989	11	5.09	56	--	13	1	54	14	68	--
1990	4	3.50	14	--	11	1	10	14	24	--
1991	3	5.00	15	--	14	1	11	17	28	--
1992	3	4.00	12	--	12	--	10	14	24	--
1993	3	4.00	12	--	10	--	10	12	22	--
Denmark										
1989	101	4.82	487	200	1	191	175	72	247	250
1990	110	4.95	545	250	9	67	144	131	275	462
1991	80	4.94	395	462	2	125	100	54	154	580
1992	92	3.62	333	580	5	400	100	125	225	293
1993	70	4.86	340	293	--	200	100	133	233	200
France										
1989	75	3.60	270	35	3	39	180	35	215	54
1990	65	3.69	240	54	3	24	190	30	220	53
1991	60	3.50	210	53	5	55	160	38	198	15
1992	55	3.73	205	15	5	30	150	30	180	15
1993	50	3.80	190	15	5	30	150	30	180	--
Germany										
1989	383	4.69	1,797	1,130	59	30	510	951	1,461	1,495
1990	412	4.72	1,944	1,495	23	216	500	492	992	2,254
1991	711	4.68	3,324	3,136	13	515	961	1,336	2,297	3,661
1992	615	3.94	2,422	3,661	15	1,650	600	1,400	2,000	2,448
1993	650	4.62	3,000	2,448	20	950	500	1,400	1,900	2,618
Greece										
1989	15	2.00	30	5	--	--	--	30	30	5
1990	15	2.00	30	5	--	--	--	30	30	5
1991	15	2.00	30	5	--	--	--	30	30	5
1992	15	2.00	30	5	--	--	--	30	30	5
1993	15	2.00	30	5	--	--	--	30	30	5
Ireland										
1989	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--
Italy										
1989	8	2.63	21	--	7	--	18	10	28	--
1990	8	2.63	21	--	4	--	17	8	25	--
1991	8	2.38	19	--	8	--	19	8	27	--
1992	8	2.75	22	--	6	--	20	8	28	--
1993	8	2.75	22	--	6	--	20	8	28	--
Netherlands										
1989	7	4.71	33	10	28	7	10	48	58	6
1990	9	4.00	36	6	29	4	7	50	57	10
1991	7	4.86	34	10	38	6	5	61	66	10
1992	6	5.67	34	10	31	5	5	55	60	10
1993	7	5.00	35	10	30	5	5	55	60	10
Portugal										
1989	122	0.80	98	4	--	--	3	87	90	12
1990	98	0.79	77	12	--	--	5	74	79	10
1991	106	0.66	70	10	2	--	5	68	73	9
1992	94	0.85	80	9	2	--	8	73	81	10
1993	75	0.80	60	10	--	--	10	60	70	--
Spain										
1989	227	1.48	336	--	2	2	205	131	336	--
1990	202	1.32	267	--	--	--	139	98	237	30
1991	197	1.23	242	30	--	--	142	100	242	30
1992	185	1.24	230	30	--	--	120	100	220	40
1993	170	1.47	250	40	--	--	170	100	270	20
United Kingdom										
1989	7	5.14	36	--	13	--	--	49	49	--
1990	7	5.14	36	--	12	2	--	46	46	--
1991	9	5.56	50	--	10	--	--	60	60	--
1992	10	5.50	55	--	10	--	--	65	65	--
1993	4	5.00	20	--	30	--	--	50	50	--

See footnotes at end of table.

Continued--

Appendix table 18: Supply and use of rye in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
EC-12 2/										
1989	956	3.31	3,164	1,384	126	270	1,155	1,427	2,582	1,822
1990	930	3.45	3,210	1,822	91	314	1,012	973	1,985	2,824
1991	1,196	3.67	4,389	3,706	92	702	1,403	1,772	3,175	4,310
1992	1,083	3.16	3,423	4,310	86	2,085	1,013	1,900	2,913	2,821
1993	1,052	3.76	3,959	2,821	101	1,185	965	1,878	2,843	2,853
East Germany										
1989	620	3.34	2,070	17	10	25	1,070	970	2,040	32
1990	643	3.18	2,044	32	--	2	500	692	1,192	882
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other Western Europe										
Austria										
1989	91	4.19	381	80	--	99	111	179	290	72
1990	93	4.26	396	72	--	102	117	166	283	83
1991	85	4.12	350	83	--	98	105	164	269	66
1992	69	4.03	278	66	--	45	97	137	234	65
1993	60	3.92	235	65	--	60	63	152	215	25
Finland										
1989	69	2.84	196	92	7	--	2	114	116	179
1990	81	3.23	262	179	1	--	8	97	105	337
1991	10	2.80	28	337	--	--	1	91	92	273
1992	11	2.45	27	273	--	--	2	94	96	204
1993	30	2.33	70	204	--	--	--	100	100	174
Norway										
1989	1	3.00	3	43	85	--	36	41	77	54
1990	1	3.00	3	54	30	--	12	35	47	40
1991	1	4.00	4	40	30	--	12	39	51	23
1992	1	4.00	4	23	--	--	0	22	22	5
1993	1	4.00	4	5	--	--	0	9	9	--
Sweden										
1989	68	4.69	319	86	5	83	88	117	205	122
1990	71	4.72	335	122	--	83	88	114	202	172
1991	42	3.93	165	172	--	49	67	111	178	110
1992	33	4.12	136	110	--	10	20	116	136	100
1993	40	4.50	180	100	--	50	50	75	125	105
Switzerland										
1989	4	5.50	22	22	5	--	12	13	25	24
1990	4	4.25	17	24	3	--	4	19	23	21
1991	5	5.00	25	21	2	--	5	21	26	22
1992	5	4.00	20	22	3	--	5	19	24	21
1993	5	4.00	20	21	--	--	0	30	30	11
Total Other Western Europe										
1989	233	4	921	323	102	182	249	464	713	451
1990	250	4	1,013	451	34	185	229	431	660	653
1991	143	4	572	653	32	147	190	426	616	494
1992	119	4	465	494	3	55	124	388	512	395
1993	136	4	509	395	--	110	113	366	479	315
Total Western Europe										
1989	1,189	3.44	4,085	1,707	228	452	1,404	1,891	3,295	2,273
1990	1,180	3.58	4,223	2,273	125	499	1,241	1,404	2,645	3,477
1991	1,339	3.71	4,961	4,359	124	849	1,593	2,198	3,791	4,804
1992	1,202	3.23	3,888	4,804	89	2,140	1,137	2,288	3,425	3,216
1993	1,188	3.76	4,468	3,216	101	1,295	1,078	2,244	3,322	3,168

/-- indicates none or negligible.

NA = not available.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 19: Supply and use of coarse grains in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
European Community	1,000 ha	Tons/ha							1,000 tons	
Belgium-Luxembourg										
1989	163	5.39	879	25	2,480	484	1,261	1,583	2,844	56
1990	142	5.37	763	56	3,056	1,130	1,262	1,417	2,679	66
1991	125	6.15	769	66	3,153	927	1,288	1,758	3,046	15
1992	117	6.09	713	15	2,968	1,010	1,187	1,370	2,557	129
1993	122	5.99	731	129	2,720	805	1,024	1,652	2,676	99
Denmark										
1989	1,119	4.98	5,578	542	90	1,235	3,556	497	4,053	922
1990	1,043	5.43	5,662	922	114	1,580	3,306	704	4,010	1,108
1991	1,052	5.29	5,568	1,108	84	1,334	3,351	646	3,997	1,429
1992	1,029	3.36	3,455	1,429	435	700	3,256	621	3,877	742
1993	833	5.09	4,240	742	285	736	3,210	706	3,916	615
France										
1989	4,260	5.95	25,360	4,016	113	12,849	10,716	3,735	14,451	2,189
1990	3,860	5.60	21,605	2,189	299	10,116	8,849	3,706	12,555	1,422
1991	3,996	6.45	25,782	1,422	454	10,246	10,245	3,618	13,863	3,549
1992	4,147	6.69	27,730	3,549	316	12,062	10,403	3,465	13,868	5,665
1993	3,744	6.57	24,593	5,665	320	11,910	10,853	3,630	14,483	4,185
Germany										
1989	2,863	5.27	15,080	4,528	1,911	1,232	10,284	5,073	15,357	4,930
1990	2,606	5.40	14,066	4,930	1,695	2,375	8,993	4,318	13,311	5,005
1991	4,107	5.52	22,657	7,922	1,565	3,727	12,510	5,974	18,484	9,933
1992	3,917	4.91	19,216	9,933	1,467	4,221	11,403	6,518	17,921	8,474
1993	3,830	5.39	20,650	8,474	1,580	4,770	12,150	6,250	18,400	7,534
Greece										
1989	460	4.87	2,242	220	129	31	2,241	140	2,381	179
1990	462	4.38	2,022	179	519	176	2,135	199	2,334	210
1991	459	5.32	2,440	210	212	695	1,877	241	2,118	49
1992	405	4.93	1,995	49	480	400	1,970	95	2,065	59
1993	390	5.31	2,070	59	230	250	1,830	185	2,015	94
Ireland										
1989	282	5.60	1,578	121	69	326	968	340	1,308	134
1990	256	5.59	1,432	134	53	256	875	330	1,205	158
1991	210	5.70	1,197	158	51	229	690	237	927	250
1992	208	5.74	1,194	250	54	260	683	306	989	249
1993	201	5.70	1,145	249	40	260	671	309	980	194
Italy										
1989	1,474	5.74	8,459	401	1,432	59	8,698	1,260	9,958	275
1990	1,424	5.62	7,999	275	1,747	33	8,551	1,263	9,814	174
1991	1,512	5.66	8,559	174	2,026	24	9,016	1,372	10,388	347
1992	1,497	6.54	9,783	347	856	200	9,109	1,380	10,489	297
1993	1,448	6.22	9,012	297	1,386	100	8,970	1,378	10,348	247
Netherlands										
1989	66	4.88	322	132	3,872	1,483	1,475	1,292	2,767	76
1990	55	5.18	285	76	3,680	990	1,444	1,500	2,944	107
1991	56	5.55	311	107	4,050	1,214	1,358	1,284	2,642	612
1992	54	5.67	306	612	3,869	1,260	1,687	1,233	2,920	607
1993	49	5.86	287	607	3,561	1,300	1,357	1,191	2,548	607
Portugal										
1989	695	1.42	989	224	807	--	1,373	381	1,754	266
1990	533	1.58	844	266	819	--	1,346	348	1,694	235
1991	589	1.49	876	235	909	8	1,414	331	1,745	267
1992	492	1.47	721	267	1,032	--	1,338	416	1,754	266
1993	407	1.43	581	266	1,059	11	1,335	345	1,680	215
Spain										
1989	5,442	2.45	13,314	2,437	2,105	1,526	13,177	2,272	15,449	881
1990	5,424	2.43	13,176	881	1,679	1,044	10,853	2,418	13,271	1,421
1991	5,455	2.41	13,160	1,421	1,898	1,042	11,176	2,531	13,707	1,730
1992	4,950	1.86	9,217	1,730	2,110	520	9,337	2,460	11,797	740
1993	4,578	2.29	10,480	740	1,900	300	9,760	2,240	12,000	820
United Kingdom										
1989	1,793	4.83	8,656	1,370	1,988	2,235	4,540	3,780	8,320	1,468
1990	1,647	5.16	8,506	1,468	1,650	2,251	4,570	3,613	8,183	1,190
1991	1,507	5.52	8,315	1,190	1,721	1,928	4,135	3,918	8,053	1,245
1992	1,428	5.57	7,950	1,245	1,845	1,625	4,550	3,800	8,350	1,065
1993	1,308	5.23	6,840	1,065	1,935	2,060	3,940	3,180	7,120	660

See footnotes at end of table.

Continued--

Appendix table 19: Supply and use of coarse grains in Western Europe, 1989-93 1/

Country and year	Area harvested		Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha									
<b>EC-12 2/</b>											
1989	18,617	4.43	82,457	14,016	14,996	21,460	58,289	20,353	78,642	11,376	
1990	17,452	4.38	76,360	11,376	15,311	19,951	52,184	19,816	72,000	11,096	
1991	19,068	4.70	89,634	14,013	16,123	21,374	57,060	21,910	78,970	19,426	
1992	18,244	4.51	82,280	19,426	15,432	22,258	54,923	21,664	76,587	18,293	
1993	16,910	4.77	80,629	18,293	15,016	22,502	55,100	21,066	76,166	15,270	
<b>East Germany</b>											
1989	1,670	4.40	7,356	521	1,726	225	6,736	1,910	8,646	732	
1990	1,785	4.29	7,661	732	60	202	3,920	1,414	5,334	2,917	
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
<b>Other Western Europe</b>											
<b>Austria</b>											
1989	669	5.45	3,646	331	10	555	2,563	619	3,182	250	
1990	670	5.80	3,884	250	4	404	2,589	743	3,332	402	
1991	652	5.63	3,668	402	9	432	2,430	876	3,306	341	
1992	597	5.03	3,003	341	2	200	2,297	604	2,901	245	
1993	575	5.14	2,955	245	24	130	2,397	490	2,887	207	
<b>Finland</b>											
1989	1,042	3.16	3,293	578	7	546	2,055	685	2,740	592	
1990	1,033	3.38	3,488	592	18	712	1,822	588	2,410	976	
1991	906	3.57	3,234	976	--	1,026	1,592	672	2,264	920	
1992	827	3.21	2,651	920	--	320	1,498	649	2,147	1,104	
1993	862	3.26	2,806	1,104	--	650	1,686	700	2,386	874	
<b>Norway</b>											
1989	311	3.25	1,010	322	239	--	1,100	96	1,196	1,100	
1990	305	4.28	1,306	375	30	--	875	83	958	875	
1991	296	4.17	1,235	753	30	--	999	89	1,088	999	
1992	282	2.58	728	930	--	50	982	72	1,054	982	
1993	282	2.58	728	554	--	--	522	439	961	522	
<b>Sweden</b>											
1989	991	3.79	3,752	398	6	509	2,773	406	3,179	375	
1990	927	4.50	4,173	468	--	1,057	2,636	369	3,005	753	
1991	889	4.15	3,691	579	20	971	2,435	407	2,842	930	
1992	858	2.76	2,366	477	100	10	2,147	366	2,513	554	
1993	813	3.95	3,210	420	40	380	2,415	460	2,875	321	
<b>Switzerland</b>											
1989	106	6.88	729	505	194	--	865	48	913	515	
1990	108	6.30	680	515	160	--	811	42	853	502	
1991	110	6.28	691	502	132	--	792	35	827	498	
1992	109	5.83	636	498	133	--	740	69	809	458	
1993	109	5.83	636	458	155	--	715	99	814	435	
<b>Total Other Western Europe</b>											
1989	3,119	3.99	12,430	2,134	456	1,610	9,356	1,854	11,210	2,832	
1990	3,043	4.45	13,531	2,200	212	2,173	8,733	1,825	10,558	3,508	
1991	2,853	4.39	12,519	3,212	191	2,429	8,248	2,079	10,327	3,688	
1992	2,673	3.51	9,384	3,166	235	580	7,664	1,760	9,424	3,343	
1993	2,641	3.91	10,335	2,781	219	1,160	7,735	2,188	9,923	2,359	
<b>Total Western Europe</b>											
1989	21,736	4.37	94,887	16,150	15,452	23,070	67,645	22,207	89,852	14,208	
1990	20,495	4.39	89,891	13,576	15,523	22,124	60,917	21,641	82,558	14,604	
1991	21,921	4.66	102,153	17,225	16,314	23,803	65,308	23,989	89,297	23,114	
1992	20,917	4.38	91,664	22,592	15,667	22,838	62,587	23,424	86,011	21,636	
1993	19,551	4.65	90,964	21,074	15,235	23,662	62,835	23,254	86,089	17,629	

/-/ indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 20: Supply and use of total grains in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
<b>European Community</b>										
Belgium-Luxembourg	1,000 ha	Tons/ha							1,000 tons	
1989	383	6.15	2,357	225	4,159	1,731	1,671	3,043	4,714	296
1990	366	5.89	2,157	296	5,308	2,752	1,832	2,901	4,733	276
1991	348	6.61	2,302	276	5,587	2,704	1,878	3,278	5,156	305
1992	347	6.56	2,277	305	5,417	2,870	1,817	2,863	4,680	449
1993	342	6.52	2,231	449	5,240	2,680	1,674	3,167	4,841	399
Denmark										
1989	1,565	5.62	8,802	843	160	2,295	5,181	1,042	6,223	1,287
1990	1,577	6.10	9,615	1,287	188	3,294	5,046	1,182	6,228	1,568
1991	1,573	5.87	9,238	1,568	150	2,685	5,251	1,152	6,403	1,868
1992	1,620	4.38	7,103	1,868	477	2,050	5,206	1,038	6,244	1,154
1993	1,468	5.95	8,740	1,157	355	2,366	5,510	1,326	6,836	1,047
France										
1989	9,277	6.20	57,523	6,585	855	31,051	16,316	10,456	26,772	7,140
1990	9,079	6.09	55,280	7,140	657	28,762	16,349	10,631	26,980	7,335
1991	9,216	6.56	60,453	7,335	849	28,289	17,645	11,443	29,088	11,260
1992	9,367	6.47	60,600	11,260	731	31,619	17,403	10,502	27,905	13,067
1993	8,566	6.61	56,663	13,067	740	32,458	18,353	10,565	28,918	9,094
Germany										
1989	4,640	5.63	26,112	8,673	4,129	4,252	15,384	10,446	25,830	8,832
1990	4,277	5.87	25,119	8,832	3,708	5,695	12,993	8,212	21,205	10,759
1991	6,650	5.99	39,267	13,997	2,910	8,163	17,910	12,584	30,494	17,517
1992	6,515	5.34	34,758	17,517	2,908	8,253	17,203	13,124	30,327	16,603
1993	6,237	5.83	36,350	16,603	3,025	9,810	17,950	13,560	31,510	14,658
Greece										
1989	1,366	3.14	4,294	641	446	1,053	2,271	1,701	3,972	356
1990	1,358	2.77	3,762	356	895	1,012	2,170	1,521	3,691	310
1991	1,527	3.59	5,484	310	467	1,586	2,127	1,945	4,072	603
1992	1,364	2.97	4,055	603	674	1,106	2,230	1,790	4,020	206
1993	1,305	3.32	4,330	206	635	958	2,030	1,740	3,770	443
Ireland										
1989	344	5.97	2,052	164	369	387	1,233	786	2,019	179
1990	328	6.20	2,033	179	387	402	1,253	687	1,940	257
1991	296	6.24	1,847	257	237	360	1,160	480	1,640	341
1992	301	6.26	1,884	341	236	390	1,143	578	1,721	350
1993	289	6.25	1,805	350	267	340	1,131	676	1,807	275
Italy										
1989	4,623	3.63	16,793	2,257	6,323	3,083	10,098	10,423	20,521	1,771
1990	4,412	3.87	17,079	1,771	7,262	3,313	10,151	10,571	20,722	2,077
1991	4,401	4.28	18,825	2,077	9,331	4,237	10,516	12,074	22,590	3,406
1992	4,232	4.62	19,558	3,406	7,548	4,360	10,609	12,098	22,707	3,445
1993	4,068	4.52	18,369	3,445	7,993	4,115	10,370	11,968	22,338	3,354
Netherlands										
1989	204	6.71	1,369	285	7,290	4,201	1,895	2,617	4,512	231
1990	196	6.94	1,361	231	5,556	2,361	2,015	2,513	4,528	259
1991	179	7.01	1,255	259	5,942	1,780	2,029	2,889	4,918	758
1992	181	7.31	1,323	758	5,765	1,797	2,337	2,967	5,304	745
1993	169	7.32	1,237	745	5,661	1,720	2,007	3,146	5,153	770
Portugal										
1989	1,062	1.59	1,690	387	1,268	31	1,433	1,516	2,949	365
1990	746	1.62	1,211	365	1,641	45	1,396	1,470	2,866	306
1991	847	1.53	1,297	306	1,685	46	1,504	1,405	2,909	333
1992	828	1.31	1,082	333	1,880	12	1,457	1,504	2,961	322
1993	727	1.48	1,074	322	1,709	36	1,535	1,280	2,815	254
Spain										
1989	7,796	2.41	18,752	2,846	2,322	2,189	14,377	6,389	20,766	965
1990	7,520	2.44	18,335	965	3,204	1,731	12,552	6,691	19,243	1,530
1991	7,806	2.38	18,570	1,530	3,463	1,772	12,709	6,788	19,497	2,294
1992	7,329	1.91	14,007	2,294	3,980	1,410	11,137	6,630	17,767	1,104
1993	6,528	2.33	15,208	1,104	3,650	720	11,560	6,410	17,970	1,272
United Kingdom										
1989	3,899	5.82	22,686	3,545	3,133	6,026	10,020	9,984	20,004	3,343
1990	3,697	6.09	22,506	3,343	2,751	6,422	9,970	9,368	19,338	2,840
1991	3,488	6.51	22,715	2,840	2,769	6,537	8,735	10,132	18,867	2,920
1992	3,488	6.21	21,650	2,920	2,909	6,137	9,300	9,802	19,102	2,240
1993	3,108	6.16	19,140	2,240	3,135	5,260	8,190	9,255	17,445	1,810

See footnotes at end of table.

Continued--

Appendix table 20: Supply and use of total grains in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha					-1,000 tons-			
<b>EC-12 2/</b>										
1989	35,159	4.62	162,430	26,451	30,454	56,299	79,879	58,403	138,282	24,765
1990	33,556	4.72	158,458	24,765	31,557	55,789	75,727	55,747	131,474	27,517
1991	36,331	4.99	181,253	30,755	33,390	58,159	81,464	64,170	145,634	41,605
1992	35,572	4.73	168,297	41,605	32,525	60,004	79,842	62,896	142,738	39,685
1993	32,807	5.03	165,147	39,688	32,410	60,463	80,310	63,093	143,403	33,376
<b>East Germany</b>										
1989	2,440	4.43	10,806	892	1,834	275	9,036	3,468	12,504	753
1990	2,544	4.66	11,850	753	160	252	6,170	3,103	9,273	3,238
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Other Western Europe</b>										
<b>Austria</b>										
1989	947	5.29	5,009	527	49	874	2,958	1,225	4,183	528
1990	948	5.58	5,288	528	44	807	2,899	1,388	4,287	766
1991	923	5.46	5,043	766	43	878	2,880	1,467	4,347	627
1992	843	5.13	4,328	627	19	530	2,787	1,190	3,977	467
1993	815	4.91	4,005	467	41	350	2,687	1,069	3,756	407
<b>Finland</b>										
1989	1,193	3.19	3,800	893	36	571	2,118	1,055	3,173	985
1990	1,213	3.48	4,227	985	36	752	1,885	899	2,784	1,712
1991	1,024	3.58	3,665	1,712	28	1,211	1,673	960	2,633	1,561
1992	915	3.13	2,863	1,561	120	345	1,591	941	2,532	1,667
1993	962	3.25	3,126	1,667	30	650	1,766	1,010	2,776	1,397
<b>Norway</b>										
1989	348	3.35	1,167	708	421	--	1,193	414	1,607	689
1990	350	4.41	1,543	689	197	--	959	404	1,363	1,066
1991	346	4.31	1,492	1,066	204	--	1,079	413	1,492	1,270
1992	332	2.72	903	1,270	200	50	1,062	392	1,454	869
1993	332	2.72	903	869	230	--	602	759	1,361	641
<b>Sweden</b>										
1989	1,276	4.31	5,502	744	55	1,181	3,199	1,017	4,216	904
1990	1,262	5.08	6,416	904	51	2,310	3,138	1,009	4,147	914
1991	1,144	4.52	5,172	914	57	1,361	2,928	1,047	3,975	807
1992	1,122	3.36	3,772	807	150	110	2,928	971	3,899	720
1993	1,103	4.45	4,910	720	90	880	3,055	1,070	4,125	715
<b>Switzerland</b>										
1989	202	6.62	1,338	1,126	434	--	1,096	653	1,749	1,149
1990	205	6.14	1,258	1,149	447	--	1,063	679	1,742	1,112
1991	205	6.26	1,283	1,113	335	--	1,040	608	1,648	1,082
1992	203	5.75	1,168	1,082	388	--	971	672	1,643	995
1993	203	5.75	1,168	995	455	--	947	689	1,636	982
<b>Total Other Western Europe</b>										
1989	3,966	4.24	16,816	3,998	995	2,626	10,564	4,364	14,928	4,255
1990	3,978	4.71	18,732	4,255	775	3,869	9,944	4,379	14,323	5,570
1991	3,642	4.57	16,655	5,571	667	3,450	9,600	4,495	14,095	5,347
1992	3,415	3.82	13,034	5,347	877	1,035	9,339	4,166	13,505	4,718
1993	3,415	4.13	14,112	4,718	846	1,880	9,057	4,597	13,654	4,142
<b>Total Western Europe</b>										
1989	39,125	4.58	179,246	30,449	31,449	58,925	90,443	62,767	153,210	29,020
1990	37,534	4.72	177,190	29,020	32,332	59,658	85,671	60,126	145,797	33,087
1991	39,973	4.95	197,908	36,326	34,057	61,609	91,064	68,665	159,729	46,952
1992	38,987	4.65	181,331	46,952	33,402	61,039	89,181	67,062	156,243	44,403
1993	36,222	4.95	179,259	44,406	33,256	62,343	89,367	67,690	157,057	37,518

/-/- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 21: Supply and use of rapeseed in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
	1,000 ha	Tons/ha					1,000 tons				
European Community	1,000 ha	Tons/ha									
Belgium-Luxembourg											
1989	5	3.00	15	43	639	7	655	640	--	15	35
1990	7	3.00	21	35	753	7	757	747	--	10	45
1991	10	2.80	28	45	787	8	827	817	--	10	25
1992	7	2.86	20	25	502	2	520	500	--	20	25
1993	9	2.78	25	25	627	2	650	630	--	20	25
Denmark											
1989	231	2.84	655	--	--	257	398	289	--	109	--
1990	270	2.94	793	--	2	204	561	300	--	261	--
1991	280	2.59	726	30	2	280	478	310	--	168	--
1992	191	2.36	450	--	95	76	469	350	--	119	--
1993	190	2.74	520	--	20	100	440	350	--	90	--
France											
1989	633	2.76	1,748	77	63	770	1,076	1,003	--	73	42
1990	693	2.80	1,937	42	89	998	1,067	887	--	180	3
1991	739	3.07	2,270	3	211	1,073	1,357	1,105	--	252	54
1992	686	2.64	1,810	54	80	990	900	550	--	350	54
1993	560	2.80	1,570	54	150	724	1,030	700	--	330	20
Germany											
1989	429	3.38	1,451	38	929	270	2,122	2,111	--	11	26
1990	570	3.02	1,720	26	790	200	2,307	2,297	--	10	29
1991	950	3.13	2,973	50	693	706	2,905	2,835	--	70	105
1992	1,001	2.59	2,590	105	465	450	2,641	2,591	--	50	69
1993	980	2.96	2,900	69	650	750	2,800	2,700	--	100	69
Greece											
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
Ireland											
1989	4	2.25	9	12	6	19	3	--	--	3	5
1990	5	2.00	10	5	5	15	5	5	--	--	--
1991	5	2.00	10	--	5	10	5	5	--	--	--
1992	5	2.00	10	--	5	10	5	5	--	--	--
1993	2	2.50	5	--	5	2	8	8	--	--	--
Italy											
1989	16	2.50	40	--	20	--	60	60	--	--	--
1990	17	2.59	44	--	46	--	90	90	--	--	--
1991	14	2.57	36	--	18	--	54	54	--	--	--
1992	8	2.38	19	--	15	--	34	34	--	--	--
1993	8	2.38	19	--	15	--	34	34	--	--	--
Netherlands											
1989	6	3.83	23	31	365	19	374	345	--	29	26
1990	8	3.25	26	26	341	16	357	307	--	50	20
1991	7	3.00	21	20	356	18	375	311	--	64	4
1992	4	3.50	14	4	392	20	380	315	--	65	10
1993	3	3.33	10	10	350	10	350	290	--	60	10
Portugal											
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
Spain											
1989	12	1.50	18	--	3	--	21	18	--	3	--
1990	24	1.25	30	--	7	--	37	32	--	5	--
1991	12	1.42	17	--	21	--	38	35	--	3	--
1992	8	1.50	12	--	10	--	22	20	--	2	--
1993	10	1.50	15	--	10	--	25	23	--	2	--
United Kingdom											
1989	323	2.95	953	72	195	80	1,100	1,050	--	50	40
1990	390	3.08	1,200	40	160	190	1,210	1,160	--	50	--
1991	439	2.96	1,300	--	197	150	1,347	1,247	--	100	--
1992	422	2.73	1,150	--	160	150	1,160	1,060	--	100	--
1993	381	2.62	1,000	--	250	130	1,120	1,020	--	100	--

See footnotes at end of table.

Continued--

Appendix table 21: Supply and use of rapeseed in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
	1,000 ha	Tons/ha					1,000 tons				
EC-12 2/											
1989	1,659	2.96	4,912	273	2,220	1,422	5,809	5,516	--	293	174
1990	1,984	2.91	5,781	174	2,193	1,630	6,391	5,825	--	566	97
1991	2,456	3.01	7,381	148	2,290	2,245	7,386	6,719	--	667	188
1992	2,332	2.61	6,075	188	1,724	1,698	6,131	5,425	--	706	158
1993	2,143	2.83	6,064	158	2,077	1,718	6,457	5,755	--	702	124
East Germany											
1989	147	2.93	430	43	--	34	399	374	--	25	40
1990	149	2.47	368	40	10	30	367	342	--	25	21
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other Western Europe											
Austria											
1989	35	2.74	96	--	--	2	94	94	--	--	--
1990	39	2.49	97	--	--	15	82	82	--	--	--
1991	47	2.72	128	--	2	1	129	129	--	--	--
1992	52	2.54	132	--	10	--	142	142	--	--	--
1993	50	2.00	100	--	--	--	100	100	--	--	--
Finland											
1989	74	1.62	120	8	10	--	129	129	--	--	9
1990	65	1.91	124	9	2	--	122	122	--	--	13
1991	61	1.72	105	13	2	--	117	117	--	--	3
1992	66	1.80	119	3	2	--	121	121	--	--	3
1993	66	1.74	115	3	2	--	117	117	--	--	3
Norway											
1989	7	1.29	9	9	9	--	14	--	--	14	13
1990	7	1.29	9	13	3	--	12	--	--	12	13
1991	7	1.29	9	13	3	--	18	--	--	18	7
1992	7	1.29	9	7	4	--	13	--	--	13	7
1993	7	1.29	9	7	4	--	13	--	--	13	7
Sweden											
1989	175	2.11	370	14	--	48	316	297	--	19	20
1990	163	2.25	367	20	--	83	277	272	--	5	27
1991	145	1.74	252	27	--	17	260	254	--	6	2
1992	127	1.94	247	2	40	5	283	280	--	3	1
1993	150	2.00	300	1	--	9	285	280	--	5	7
Switzerland											
1989	17	3.18	54	--	--	--	54	53	--	1	--
1990	17	2.53	43	--	--	--	43	42	--	1	--
1991	17	3.00	51	--	--	--	51	50	--	1	--
1992	17	2.65	45	--	--	--	45	44	--	1	--
1993	17	2.71	46	--	--	--	46	46	--	1	--
Total Other Western Europe											
1989	308	2.11	649	31	19	50	607	ERR	--	34	42
1990	291	2.20	640	42	5	98	536	529	--	18	53
1991	277	1.97	545	53	7	18	575	542	--	25	12
1992	269	2.05	552	12	56	5	604	593	--	17	11
1993	290	1.97	570	11	6	--	561	541	--	19	17
Total Western Europe											
1989	1,967	2.83	5,561	304	2,239	1,472	6,416	ERR	--	327	216
1990	2,275	2.82	6,421	216	2,198	1,728	6,927	6,354	--	584	150
1991	2,733	2.90	7,926	201	2,297	2,263	7,961	7,261	--	692	200
1992	2,601	2.55	6,627	200	1,780	1,703	6,735	6,018	--	723	169
1993	2,433	2.73	6,634	169	2,083	1,718	7,018	6,296	--	721	141

/-/ indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 22: Supply and use of sunflowerseed in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
	1,000 ha	Tons/ha					1,000 tons				
European Community											
Belgium-Luxembourg											
1989	--	--	--	34	209	1	215	210	--	5	27
1990	--	--	--	27	195	2	192	187	--	5	28
1991	--	--	--	28	261	1	268	263	--	5	20
1992	--	--	--	20	220	1	219	215	--	4	20
1993	--	--	--	20	190	0	190	185	--	5	20
Denmark											
1989	--	--	--	--	4	1	3	--	3	--	--
1990	--	--	--	--	5	1	4	--	4	--	--
1991	--	--	--	--	5	1	4	--	4	--	--
1992	--	--	--	--	5	1	4	--	4	--	--
1993	--	--	--	--	5	1	4	--	4	--	--
France											
1989	907	2.34	2,125	63	10	1,136	1,040	982	--	58	22
1990	1,140	2.12	2,415	22	30	1,045	1,379	1,282	--	97	43
1991	1,071	2.40	2,570	43	7	1,075	1,479	1,394	--	85	66
1992	985	2.14	2,110	66	40	700	1,460	1,380	--	80	56
1993	790	2.41	1,900	56	90	500	1,500	1,430	--	70	46
Germany											
1989	15	3.20	48	10	330	10	368	315	23	30	10
1990	25	2.88	72	10	344	15	398	342	23	33	13
1991	44	2.64	116	16	321	35	402	330	26	46	16
1992	65	3.00	195	15	245	35	390	320	25	45	30
1993	80	2.81	225	30	245	50	420	345	25	50	30
Greece											
1989	26	2.04	53	31	5	5	50	50	--	--	34
1990	18	1.61	29	34	4	--	57	52	4	1	10
1991	14	2.50	35	10	20	1	58	55	2	1	6
1992	17	2.65	45	6	30	26	52	50	1	1	3
1993	13	2.62	34	3	32	15	52	50	1	1	2
Ireland											
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
Italy											
1989	134	2.54	340	35	150	--	490	484	6	--	35
1990	173	2.33	403	35	179	--	547	540	7	--	70
1991	132	2.44	322	70	327	6	603	596	7	--	110
1992	120	2.29	275	110	220	1	574	567	7	--	30
1993	115	2.35	270	30	300	--	570	563	7	--	30
Netherlands											
1989	--	--	--	18	421	3	406	406	--	--	30
1990	--	--	--	30	405	6	424	409	10	5	5
1991	--	--	--	5	434	4	406	406	--	--	29
1992	--	--	--	29	361	5	380	370	5	5	5
1993	--	--	--	5	370	5	360	350	5	5	10
Portugal											
1989	66	0.68	45	7	230	--	265	265	--	--	17
1990	50	0.90	45	17	210	--	270	270	--	--	2
1991	47	0.72	34	2	262	--	285	285	--	--	13
1992	73	0.49	36	13	235	--	270	265	--	5	14
1993	85	0.71	60	14	225	--	285	275	--	10	14
Spain											
1989	977	0.95	929	--	71	11	989	939	40	10	--
1990	1,201	1.08	1,300	--	31	80	1,251	1,190	41	20	--
1991	1,070	0.84	900	--	134	27	1,007	945	40	22	--
1992	1,366	1.00	1,360	--	110	150	1,320	1,050	38	232	--
1993	1,700	1.00	1,700	--	35	290	1,445	1,100	37	308	--
United Kingdom											
1989	--	--	--	27	64	--	80	80	--	--	11
1990	--	--	--	11	32	--	38	38	--	--	5
1991	--	--	--	5	92	--	92	92	--	--	5
1992	--	--	--	5	35	--	35	35	--	--	5
1993	--	--	--	5	35	--	35	35	--	--	5

See footnotes at end of table.

Continued--

Appendix table 22: Supply and use of sunflowerseed in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
-----1,000 tons-----											
EC-12 2/											
1989	2,125	1.67	3,540	225	1,494	1,167	3,906	3,731	72	103	186
1990	2,607	1.64	4,264	186	1,435	1,149	4,560	4,310	89	161	176
1991	2,378	1.67	3,977	179	1,863	1,150	4,604	4,366	79	159	265
1992	2,626	1.53	4,021	264	1,501	919	4,704	4,252	80	372	163
1993	2,783	1.51	4,189	163	1,527	861	4,861	4,333	79	449	157
East Germany											
1989	--	--	--	7	22	--	22	18	NA	4	7
1990	--	--	--	7	7	--	12	8	NA	4	2
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other Western Europe											
Austria											
1989	25	2.92	73	--	10	69	14	--	--	14	--
1990	23	2.43	56	--	10	12	54	41	--	13	--
1991	25	2.96	74	--	11	15	70	57	--	13	--
1992	31	2.39	74	--	11	16	69	56	--	13	--
1993	30	2.33	70	--	10	16	64	52	--	12	--
Finland											
1989	--	--	--	1	3	--	4	4	--	--	--
1990	--	--	--	--	5	--	5	5	--	--	--
1991	--	--	--	--	5	--	5	5	--	--	--
1992	--	--	--	--	5	--	5	5	--	--	--
1993	--	--	--	--	5	--	5	5	--	--	--
Norway											
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
Sweden											
1989	--	--	--	--	6	--	6	--	6	--	--
1990	--	--	--	--	7	--	7	--	7	--	--
1991	--	--	--	--	7	--	7	--	7	--	--
1992	--	--	--	--	7	--	7	--	7	--	--
1993	--	--	--	--	7	--	7	--	7	--	--
Switzerland											
1989	--	--	--	--	9	--	8	7	--	1	1
1990	--	--	--	1	9	--	10	10	--	--	--
1991	--	--	--	--	9	--	9	9	--	--	--
1992	--	--	--	--	9	--	9	9	--	--	--
1993	--	--	--	--	9	--	9	9	--	--	--
Total Other Western Europe											
1989	25	2.92	73	--	28	69	32	11	6	15	1
1990	23	2.43	56	1	31	12	76	56	7	13	0
1991	25	2.96	74	0	32	15	91	71	7	13	--
1992	31	2.39	74	--	32	16	90	70	7	13	--
1993	30	2.33	70	--	31	--	85	66	7	12	--
Total Western Europe											
1989	2,150	1.68	3,613	225	1,522	1,236	3,938	3,742	78	118	187
1990	2,630	1.64	4,320	187	1,466	1,161	4,636	4,366	96	174	176
1991	2,403	1.69	4,051	179	1,895	1,165	4,695	4,437	86	172	265
1992	2,657	1.54	4,095	264	1,533	935	4,794	4,322	87	385	163
1993	2,813	1.51	4,259	163	1,558	861	4,946	4,399	86	461	157

/-- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports include intra-EC data.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 23: Supply and use of soybeans in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
European Community											
Belgium-Luxembourg	1,000 ha	Tons/ha	--								
1989	--	--	--	65	1,142	27	1,144	1,104	15	25	36
1990	--	--	--	35	1,020	30	940	815	15	110	86
1991	--	--	--	86	1,212	25	1,186	1,051	15	120	87
1992	--	--	--	87	1,510	30	1,455	1,310	15	130	112
1993	--	--	--	112	1,334	30	1,316	1,169	15	132	100
Denmark											
1989	--	--	--	9	73	--	72	59	--	13	10
1990	--	--	--	10	29	--	39	35	--	4	--
1991	--	--	--	--	65	--	52	50	--	2	13
1992	--	--	--	13	50	--	62	60	--	2	1
1993	--	--	--	1	55	--	56	55	--	1	--
France											
1989	135	2.22	300	21	368	28	652	280	5	367	9
1990	117	2.11	247	9	363	15	586	180	4	402	18
1991	62	2.34	145	18	373	13	514	139	5	370	9
1992	41	1.61	66	9	695	6	761	405	5	351	3
1993	55	2.00	110	3	461	6	562	206	6	350	6
Germany											
1989	2	2.50	5	90	2,661	8	2,668	2,550	35	83	80
1990	2	2.50	5	80	2,790	5	2,790	2,655	35	100	80
1991	1	3.00	3	82	3,026	20	2,950	2,786	44	120	141
1992	1	3.00	3	141	3,200	20	3,135	3,000	35	100	189
1993	1	3.00	3	189	3,050	20	3,085	2,950	35	100	137
Greece											
1989	8	3.25	26	21	275	--	287	287	--	--	35
1990	7	3.14	22	35	302	--	309	309	--	--	50
1991	5	4.00	20	50	330	--	350	350	--	--	50
1992	3	5.00	15	50	187	--	240	240	--	--	12
1993	2	3.50	7	12	157	--	167	167	--	--	9
Ireland											
1989	--	--	--	--	14	1	13	--	--	13	--
1990	--	--	--	--	19	1	18	--	--	18	--
1991	--	--	--	--	18	--	18	--	--	18	--
1992	--	--	--	--	18	--	18	--	--	18	--
1993	--	--	--	--	18	--	18	--	--	18	--
Italy											
1989	477	3.40	1,624	250	711	1	2,334	2,064	--	270	250
1990	521	3.36	1,751	250	622	101	2,372	2,072	--	300	150
1991	413	3.20	1,320	150	1,103	25	2,398	2,098	--	300	150
1992	360	2.90	1,045	150	1,400	5	2,390	2,090	--	300	200
1993	180	3.33	600	200	1,689	--	2,339	2,039	--	300	150
Netherlands											
1989	--	--	--	106	3,641	231	3,388	3,297	16	75	128
1990	--	--	--	128	3,776	366	3,370	3,177	13	180	168
1991	--	--	--	168	4,054	268	3,875	3,565	15	295	79
1992	--	--	--	79	4,365	300	4,004	3,724	15	265	140
1993	--	--	--	140	4,331	350	4,021	3,721	15	285	100
Portugal											
1989	1	1.00	1	20	859	3	851	590	--	261	26
1990	1	1.00	1	26	964	7	936	710	--	226	48
1991	1	1.00	1	48	632	6	660	459	--	201	15
1992	--	--	--	15	649	3	639	460	--	179	22
1993	--	--	--	22	497	2	487	307	--	180	30
Spain											
1989	11	2.45	27	54	2,760	--	2,776	2,370	6	400	65
1990	17	2.47	42	65	2,232	4	2,324	1,869	5	450	11
1991	4	3.00	12	11	2,489	--	2,496	2,091	5	400	16
1992	15	2.20	33	16	2,550	--	2,545	2,140	5	400	54
1993	1	3.00	3	54	2,436	--	2,461	2,076	5	380	32
United Kingdom											
1989	--	--	--	10	750	--	760	685	--	75	--
1990	--	--	--	--	670	--	670	600	--	70	--
1991	--	--	--	--	554	--	472	322	--	150	82
1992	--	--	--	82	688	--	730	580	--	150	40
1993	--	--	--	40	686	--	726	586	--	140	--

See footnotes at end of table.

Continued--

Appendix table 23: Supply and use of soybeans in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Beginning Production	Total stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
1,000 tons											
Total EC-12 2/											
1989	634	3.13	1,983	646	13,254	299	14,945	13,286	77	1,582	639
1990	665	3.11	2,068	638	12,787	529	14,354	12,422	72	1,860	611
1991	486	3.09	1,501	613	13,856	357	14,971	12,911	84	1,976	642
1992	420	2.77	1,162	642	15,312	364	15,979	14,009	75	1,895	773
1993	239	3.03	723	773	14,714	408	15,238	13,276	76	1,886	564
East Germany											
1989	--	--	--	2	11	--	12	11	--	1	1
1990	--	--	--	1	10	--	9	8	1	--	2
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other Western Europe											
Austria											
1989	9	1.11	10	--	4	--	14	--	4	10	--
1990	9	1.89	17	--	6	--	23	--	4	19	--
1991	15	2.47	37	--	5	5	37	--	4	33	--
1992	53	1.74	82	--	4	16	80	--	4	76	--
1993	40	2.00	80	--	4	10	74	--	4	70	--
Finland											
1989	--	--	--	2	131	--	128	128	--	--	5
1990	--	--	--	5	127	--	137	137	--	--	6
1991	--	--	--	6	154	--	155	155	--	--	5
1992	--	--	--	5	149	--	149	149	--	--	5
1993	--	--	--	5	149	--	149	149	--	--	5
Norway											
1989	--	--	--	10	309	--	309	309	--	--	10
1990	--	--	--	10	231	--	232	232	--	--	9
1991	--	--	--	9	210	8	211	211	--	--	--
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	205	--	200	200	--	--	5
Sweden											
1989	--	--	--	--	7	--	7	--	1	6	--
1990	--	--	--	--	7	--	7	--	1	6	--
1991	--	--	--	--	8	--	8	--	1	7	--
1992	--	--	--	--	8	--	8	--	1	7	--
1993	--	--	--	--	8	--	8	--	1	7	--
Switzerland											
1989	1	2.00	2	--	80	--	82	79	1	2	--
1990	1	3.00	3	--	80	--	83	79	1	3	--
1991	2	2.00	4	--	89	--	93	88	2	3	--
1992	2	2.50	5	--	97	--	102	96	4	2	--
1993	2	2.50	5	--	95	--	100	94	4	2	--
Total Other Western Europe											
1989	10	1.20	12	12	531	0	540	516	6	18	15
1990	10	2.00	20	15	451	--	482	448	6	28	15
1991	17	2.41	41	15	466	--	504	454	7	43	5
1992	55	1.58	87	5	258	--	339	245	9	85	5
1993	42	2.02	85	5	461	--	531	443	9	79	10
Total Western Europe											
1989	644	3.10	1,995	658	13,785	299	15,485	13,802	83	1,600	654
1990	675	3.09	2,088	653	13,238	529	14,836	12,870	78	1,888	626
1991	503	3.07	1,542	628	14,322	357	15,475	13,365	91	2,019	647
1992	475	2.63	1,249	647	15,570	364	16,318	14,254	84	1,980	778
1993	281	2.88	808	778	15,175	408	15,769	13,719	85	1,965	574

/-- indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports include intra-EC data.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 24: Supply and use of total oilseeds in Western Europe, 1989-93 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed,seed & waste	Ending stocks
	1,000 ha	Tons/ha				1,000 tons					
European Community											
Belgium-Luxembourg											
1989	5	3.00	15	142	1,996	36	2,019	1,954	20	45	98
1990	7	3.00	21	98	1,975	40	1,895	1,749	21	125	159
1991	10	2.80	28	159	2,271	36	2,290	2,131	24	135	132
1992	7	2.86	20	132	2,243	35	2,203	2,025	24	154	157
1993	9	2.78	25	157	2,162	34	2,165	1,984	24	157	145
Denmark											
1989	231	2.84	655	9	79	258	475	350	3	122	10
1990	270	2.94	793	10	38	205	606	337	4	265	30
1991	280	2.59	726	30	74	281	536	362	4	170	13
1992	191	2.36	450	13	152	77	537	412	4	121	1
1993	190	2.74	520	1	82	101	502	407	4	91	--
France											
1989	1,675	2.49	4,173	161	490	1,935	2,816	2,265	53	498	73
1990	1,950	2.36	4,599	73	525	2,059	3,074	2,349	46	679	64
1991	1,872	2.66	4,985	64	692	2,175	3,437	2,638	92	707	129
1992	1,712	2.33	3,986	129	920	1,711	3,211	2,335	95	781	113
1993	1,405	2.55	3,580	113	806	1,245	3,182	2,336	96	750	72
Germany											
1989	446	3.37	1,504	144	4,120	298	5,345	5,043	175	127	125
1990	597	3.01	1,797	125	4,111	230	5,671	5,361	164	146	132
1991	995	3.11	3,092	157	4,197	775	6,400	6,004	155	241	271
1992	1,067	2.61	2,788	271	4,078	515	6,327	5,962	165	200	295
1993	1,061	2.95	3,128	295	4,115	830	6,467	6,047	165	255	241
Greece											
1989	312	1.58	492	74	288	7	739	694	--	45	108
1990	290	1.26	364	108	318	4	711	681	4	26	75
1991	249	1.67	415	75	365	4	763	725	2	36	88
1992	296	1.46	431	88	233	41	662	620	1	41	49
1993	292	1.41	413	49	201	35	586	544	1	41	42
Ireland											
1989	4	2.25	9	12	20	20	16	--	--	16	5
1990	5	2.00	10	5	24	16	23	5	--	18	--
1991	5	2.00	10	--	23	10	23	5	--	18	--
1992	5	2.00	10	--	23	10	23	5	--	18	--
1993	2	2.50	5	--	23	2	26	8	--	18	--
Italy											
1989	628	3.19	2,005	285	995	1	2,999	2,696	30	273	285
1990	712	3.09	2,199	285	959	101	3,122	2,791	29	302	220
1991	560	3.00	1,679	220	1,566	31	3,174	2,843	28	303	260
1992	489	2.74	1,340	260	1,757	6	3,121	2,794	26	301	230
1993	304	2.93	890	230	2,126	--	3,066	2,739	26	301	180
Netherlands											
1989	6	3.83	23	165	4,630	302	4,309	4,048	146	115	207
1990	8	3.25	26	207	4,765	485	4,300	3,904	148	248	213
1991	7	3.00	21	213	5,086	378	4,796	4,291	146	359	146
1992	4	3.50	14	146	5,364	415	4,919	4,419	155	345	190
1993	3	3.33	10	190	5,286	450	4,881	4,371	150	360	155
Portugal											
1989	67	0.69	46	27	1,133	3	1,160	893	6	261	43
1990	51	0.90	46	43	1,215	7	1,247	1,018	3	226	50
1991	48	0.73	35	50	936	6	986	782	3	201	29
1992	73	0.49	36	29	925	3	950	763	3	184	37
1993	85	0.71	60	37	763	2	813	620	3	190	45
Spain											
1989	1,069	1.01	1,076	54	2,896	11	3,950	3,403	82	465	65
1990	1,327	1.14	1,511	65	2,303	88	3,780	3,101	79	600	11
1991	1,166	0.91	1,062	11	2,708	31	3,734	3,081	76	577	16
1992	1,465	1.04	1,518	16	2,737	150	4,067	3,220	71	776	54
1993	1,739	1.01	1,760	54	2,571	290	4,063	3,209	73	781	32
United Kingdom											
1989	323	2.95	953	141	1,226	85	2,173	1,880	168	125	62
1990	390	3.08	1,200	62	1,010	193	2,064	1,832	112	120	15
1991	439	2.96	1,300	15	1,002	159	2,061	1,702	109	250	97
1992	422	2.73	1,150	97	1,038	153	2,077	1,710	117	250	55
1993	381	2.62	1,000	55	1,126	133	2,033	1,676	117	240	15

See footnotes at end of table.

Continued--

Appendix table 24: Supply and use of total oilseeds in Western Europe, 1989-93 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Beginning stocks		Total imports	Total exports	Total use	Amount crushed	Food use	Feed,seed & waste	Ending stocks						
			1,000 tons														
<b>Total EC-12 2/</b>																	
1989	4,766	2.30	10,951	1,214	17,873	2,956	26,001	23,226	683	2,092	1,081						
1990	5,607	2.24	12,566	1,081	17,243	3,428	26,493	23,128	610	2,755	969						
1991	5,631	2.37	13,353	994	18,920	3,886	28,200	24,564	639	2,997	1,181						
1992	5,731	2.05	11,743	1,181	19,470	3,116	28,097	24,265	661	3,171	1,181						
1993	5,471	2.08	11,391	1,181	19,261	3,122	27,784	23,941	659	3,184	927						
<b>East Germany</b>																	
1989	147	2.93	430	52	37	34	437	407	—	30	48						
1990	147	2.47	368	48	31	30	392	362	1	29	25						
1991	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA						
1992	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA						
1993	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA						
<b>Other Western Europe</b>																	
<b>Austria</b>																	
1989	69	2.59	179	—	18	71	126	94	8	24	—						
1990	71	2.39	170	—	20	27	163	123	8	32	—						
1991	87	2.75	239	—	23	21	241	486	6	46	—						
1992	136	2.19	298	—	30	32	296	198	9	89	—						
1993	120	2.08	250	—	19	26	243	152	9	82	—						
<b>Finland</b>																	
1989	74	1.62	120	11	144	—	261	261	—	—	14						
1990	65	1.91	124	14	134	—	264	264	—	—	19						
1991	61	1.72	105	19	161	—	277	277	—	—	8						
1992	66	1.80	119	8	156	—	275	275	—	—	8						
1993	66	1.74	115	8	156	—	271	271	—	—	8						
<b>Norway</b>																	
1989	7	1.29	9	19	332	—	337	319	4	14	23						
1990	7	1.29	9	23	244	—	254	238	4	12	22						
1991	7	1.29	9	22	223	—	239	217	4	18	7						
1992	7	1.29	9	7	14	—	23	5	4	13	7						
1993	7	1.29	9	7	219	—	223	206	4	13	12						
<b>Sweden</b>																	
1989	175	2.11	370	14	31	48	347	312	10	25	20						
1990	163	2.25	367	20	32	83	309	287	11	11	27						
1991	145	1.74	252	27	33	17	293	269	11	13	2						
1992	127	1.94	247	2	73	5	316	295	11	10	1						
1993	150	2.00	300	1	33	9	318	295	11	12	7						
<b>Switzerland</b>																	
1989	18	3.11	56	—	122	—	177	169	4	4	1						
1990	18	2.56	46	1	119	—	166	159	3	4	—						
1991	9	2.89	55	—	126	—	181	171	6	4	—						
1992	19	2.63	50	—	138	—	188	177	8	3	—						
1993	19	2.68	51	—	137	—	188	177	8	3	—						
<b>Total Other Western Europe</b>																	
1989	343	2.14	734	44	647	119	1,248	1,155	26	67	58						
1990	324	2.21	716	58	549	110	1,156	1,071	26	59	68						
1991	309	2.14	660	68	566	38	1,231	1,420	27	81	17						
1992	355	2.04	723	17	411	37	1,098	951	32	115	16						
1993	362	2.00	725	16	564	—	1,243	1,101	32	110	27						
<b>Total Western Europe</b>																	
1989	5,109	2.29	11,685	1,258	18,520	3,075	27,249	24,381	709	2,159	1,139						
1990	5,931	2.24	13,282	1,139	17,792	3,538	27,649	24,199	636	2,814	1,037						
1991	5,940	2.36	14,013	1,062	19,486	3,924	29,431	25,984	666	3,078	1,198						
1992	6,086	2.05	12,466	1,198	19,881	3,153	29,195	25,216	693	3,286	1,197						
1993	5,833	2.08	12,116	1,197	19,825	3,122	29,027	25,042	691	3,294	954						

/-/ indicates none or negligible.

NA = not applicable.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 25: Supply and use of sugar in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Ending stocks
<b>European Community</b>						
<b>Belgium-Luxembourg</b>						
1989	1,039	131	53	583	520	120
1990	1,116	120	407	999	494	150
1991	966	150	581	997	541	159
1992	980	159	535	995	534	145
1993	1,040	145	510	1,005	545	145
<b>Denmark</b>						
1989	529	47	--	269	254	53
1990	591	53	2	296	280	70
1991	508	70	17	237	292	66
1992	447	66	17	175	290	65
1993	530	65	15	240	300	70
<b>France</b>						
1989	4,204	642	357	2,748	2,021	434
1990	4,736	434	343	2,751	2,063	699
1991	4,413	699	393	2,734	2,173	598
1992	4,738	598	378	2,812	2,172	730
1993	4,550	730	378	2,767	2,208	683
<b>Germany 2/</b>						
1989	4,087	409	482	1,539	3,109	330
1990	4,675	330	209	1,857	2,929	428
1991	4,250	428	173	1,521	2,990	340
1992	4,395	340	160	1,500	3,000	395
1993	4,400	395	165	1,550	3,000	410
<b>Greece</b>						
1989	421	35	82	--	360	178
1990	315	178	--	35	337	121
1991	310	121	2	27	340	66
1992	385	66	--	30	371	50
1993	370	50	--	25	357	38
<b>Ireland</b>						
1989	233	96	7	79	164	93
1990	227	93	7	42	163	122
1991	232	122	7	64	170	127
1992	242	127	7	85	170	121
1993	220	121	7	77	170	101
<b>Italy</b>						
1989	1,803	332	204	164	1,750	425
1990	1,587	425	343	107	1,773	475
1991	1,640	475	145	147	1,780	333
1992	2,032	333	100	337	1,815	313
1993	1,600	313	120	40	1,750	243
<b>Netherlands</b>						
1989	1,241	114	72	548	821	58
1990	1,341	58	152	538	888	125
1991	1,137	125	102	356	871	137
1992	1,251	137	79	445	881	141
1993	1,150	141	90	350	900	131
<b>Portugal</b>						
1989	2	42	334	--	330	48
1990	2	48	403	--	325	128
1991	1	128	303	--	308	124
1992	2	124	240	--	307	59
1993	4	59	306	--	306	63
<b>Spain</b>						
1989	1,037	334	197	100	1,236	232
1990	1,036	232	250	76	1,252	190
1991	938	190	346	83	1,266	125
1992	1,037	125	341	120	1,269	114
1993	1,000	114	300	50	1,230	134
<b>United Kingdom</b>						
1989	1,322	343	1,350	385	2,330	300
1990	1,360	300	1,143	255	2,320	228
1991	1,330	228	1,450	343	2,384	281
1992	1,600	281	1,431	357	2,539	416
1993	1,400	416	1,335	412	2,289	450

See footnotes at end of table.

Appendix table 25: Supply and use of sugar in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Ending stocks
-----1,000 tons-----						
Total EC-12 3/						
1989	15,918	2,525	3,138	6,415	12,895	2,271
1990	16,986	2,271	3,259	6,956	12,824	2,736
1991	15,725	2,736	3,519	6,509	13,115	2,356
1992	17,109	2,356	3,288	6,856	13,348	2,549
1993	16,264	2,549	3,226	6,516	13,055	2,468
Other Western Europe						
Austria						
1989	457	37	--	64	392	38
1990	451	38	--	34	412	43
1991	466	43	--	40	433	36
1992	437	36	--	22	436	15
1993	500	15	--	43	437	35
Finland						
1989	168	66	83	32	212	73
1990	176	73	67	47	214	55
1991	162	55	114	45	232	54
1992	159	54	89	35	231	36
1993	180	36	85	30	231	40
Norway						
1989	--	24	172	--	165	16
1990	--	16	165	--	170	11
1991	--	11	170	--	170	11
1992	--	11	170	--	170	11
1993	--	11	170	--	170	11
Sweden						
1989	401	89	71	64	360	137
1990	419	137	34	42	364	184
1991	252	184	39	16	365	94
1992	317	94	28	15	360	64
1993	400	64	35	55	360	84
Switzerland						
1989	152	200	141	--	296	197
1990	160	197	115	--	300	172
1991	136	172	139	--	298	149
1992	150	149	138	--	293	144
1993	150	144	138	--	293	139
Total Other Western Europe						
1989	1,178	416	467	160	1,425	461
1990	1,206	461	381	123	1,460	465
1991	1,016	465	462	101	1,498	344
1992	1,063	344	425	72	1,490	270
1993	1,230	270	428	128	1,491	309
Total Western Europe						
1989	17,096	2,941	3,605	6,575	14,320	2,732
1990	18,192	2,732	3,640	7,079	14,284	3,201
1991	16,741	3,201	3,981	6,610	14,613	2,700
1992	18,172	2,700	3,713	6,928	14,838	2,819
1993	17,494	2,819	3,654	6,644	14,546	2,777

/-- indicates none or negligible; NA = not available.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ All data pertain to unified Germany.

3/ Imports/exports data include intra-EC trade.

Source: USDA.

Appendix table 26: Supply and use of beef and veal in Western Europe, 1989-93 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	--1,000 head--			1,000 tons			
Belgium-Luxembourg							
1989	855	312	6	23	117	223	1
1990	931	323	1	24	129	218	1
1991	1,121	373	1	20	152	236	6
1992	1,040	348	6	20	137	234	3
1993	1,029	345	3	27	138	233	4
Denmark							
1989	819	205	37	29	148	106	17
1990	789	202	17	40	122	107	30
1991	837	213	30	51	130	112	52
1992	865	220	52	50	150	115	57
1993	810	207	57	52	152	115	49
France							
1989	6,540	1,670	285	355	520	1,670	20
1990	6,761	1,753	20	396	427	1,671	71
1991	7,354	1,815	71	450	500	1,660	176
1992	6,762	1,780	176	410	530	1,650	186
1993	6,450	1,720	186	410	550	1,650	116
Germany							
1989	5,205	1,576	270	313	605	1,414	140
1990	5,943	1,792	140	346	679	1,402	197
1991	7,601	2,182	197	396	957	1,691	127
1992	6,110	1,815	127	465	635	1,577	195
1993	5,580	1,670	195	500	620	1,575	170
Greece							
1989	400	82	--	160	1	239	2
1990	412	82	2	135	--	215	4
1991	385	81	4	115	1	195	4
1992	370	80	4	120	1	196	7
1993	370	78	7	120	1	196	8
Ireland							
1989	1,366	432	309	24	438	66	261
1990	1,583	514	261	15	381	49	360
1991	1,714	553	360	20	402	61	470
1992	1,700	550	470	20	450	63	527
1993	1,730	560	527	20	500	63	544
Italy							
1989	4,874	1,140	40	473	78	1,545	30
1990	5,227	1,165	30	451	66	1,535	45
1991	4,960	1,183	45	530	151	1,540	67
1992	4,640	1,100	67	510	170	1,500	7
1993	4,776	1,110	7	530	150	1,490	7
Netherlands							
1989	2,117	485	37	68	324	265	1
1990	2,250	521	1	85	333	273	1
1991	2,568	623	1	104	420	307	--
1992	2,573	630	--	110	455	285	--
1993	2,620	640	--	100	460	280	--
Portugal							
1989	582	131	16	23	1	139	30
1990	502	114	30	44	--	143	45
1991	538	126	45	40	--	150	61
1992	674	150	61	39	5	171	74
1993	650	143	74	43	10	180	70
Spain							
1989	1,862	451	5	42	40	455	3
1990	1,891	513	3	45	61	487	13
1991	2,104	509	13	54	56	506	14
1992	2,150	540	14	75	75	539	15
1993	2,100	530	15	75	70	545	5
United Kingdom							
1989	3,442	980	78	375	154	1,229	50
1990	3,528	1,003	50	277	123	1,098	109
1991	3,618	1,019	109	304	139	1,123	170
1992	3,374	969	170	335	142	1,187	145
1993	3,438	980	145	358	180	1,188	115

See footnotes at end of table.

Continued --

Appendix table 26: Supply and use of beef and veal in Western Europe, 1989-93 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	-1,000 head--			-1,000 tons-			
<b>Total EC-12 2/</b>							
1989	28,062	7,464	1,083	1,885	2,426	7,351	555
1990	29,817	7,982	555	1,858	2,321	7,198	876
1991	32,800	8,677	876	2,084	2,908	7,581	1,147
1992	30,258	8,182	1,147	2,154	2,750	7,517	1,216
1993	29,553	7,983	1,216	2,235	2,831	7,515	1,088
<b>East Germany</b>							
1989	1,689	387	1	42	232	195	16
1990	1,477	320	16	42	232	116	30
1991	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA
<b>Other Western Europe</b>							
<b>Austria</b>							
1989	781	213	1	3	49	168	--
1990	825	223	--	2	56	168	1
1991	865	232	1	2	65	169	1
1992	830	225	1	1	56	169	2
1993	833	225	2	2	58	170	1
<b>Finland</b>							
1989	465	107	5	2	6	101	7
1990	506	117	7	1	10	108	7
1991	508	121	7	--	19	106	3
1992	475	114	3	--	10	104	3
1993	448	108	3	--	5	103	3
<b>Norway</b>							
1989	330	75	1	2	1	73	4
1990	352	82	4	1	8	77	2
1991	352	80	2	2	2	81	1
1992	351	84	1	1	3	80	--
1993	NA	NA	NA	NA	NA	NA	NA
<b>Sweden</b>							
1989	585	139	5	13	7	144	6
1990	571	145	6	13	12	149	3
1991	530	137	3	19	11	147	1
1992	515	134	1	24	9	149	1
1993	512	134	1	25	8	151	1
<b>Switzerland</b>							
1989	796	157	1	12	1	168	0
1990	825	164	0	12	1	172	4
1991	797	174	4	9	1	177	9
1992	803	172	9	8	1	179	9
1993	798	172	9	10	2	182	7
<b>Total Other Western Europe</b>							
1989	2,957	691	13	32	64	654	17
1990	3,079	731	17	29	87	674	17
1991	3,052	744	17	32	98	680	15
1992	2,974	729	15	34	79	681	15
1993	2,591	639	15	37	73	606	12
<b>Total Western Europe</b>							
1989	31,019	8,155	1,096	1,917	2,490	8,005	572
1990	32,896	8,713	572	1,887	2,408	7,872	893
1991	35,852	9,421	893	2,116	3,006	8,261	1,162
1992	33,232	8,911	1,162	2,188	2,829	8,198	1,231
1993	32,144	8,622	1,231	2,272	2,904	8,121	1,100

/- indicates none or negligible.

NA = not available.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 27: Supply and use of pork in Western Europe, 1989-93 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	--1,000 head--			-1,000 tons-			
European Community							
Belgium-Luxembourg							
1989	9,490	831	8	41	369	511	--
1990	8,370	770	--	70	359	478	3
1991	9,930	901	3	51	435	520	--
1992	10,048	893	--	60	446	507	--
1993	10,173	950	--	60	468	542	0
Denmark							
1989	15,972	1,165	--	14	842	337	--
1990	16,425	1,207	--	14	873	348	87
1991	17,294	1,272	87	11	967	334	69
1992	18,450	1,370	69	11	1,030	340	80
1993	19,450	1,470	80	10	1,135	345	80
France							
1989	21,130	1,840	5	445	190	2,100	--
1990	21,304	1,870	--	440	210	2,110	--
1991	21,611	1,918	--	444	252	2,110	--
1992	22,015	1,960	--	450	300	2,110	--
1993	22,300	2,025	--	455	320	2,155	5
Germany							
1989	31,391	2,684	--	606	141	3,151	4
1990	37,887	2,849	4	645	347	3,147	4
1991	43,578	3,320	4	809	250	3,883	
1992	40,800	3,135	--	925	150	3,910	3
1993	40,950	3,175	--	1,010	148	4,037	0
Greece							
1989	2,260	151	--	57	--	206	2
1990	2,195	147	2	59	--	206	0
1991	2,250	153	0	49	--	200	4
1992	2,260	153	4	66	--	217	6
1993	2,258	152	6	71	--	223	6
Ireland							
1989	2,228	144	--	23	45	122	--
1990	2,384	159	--	18	53	124	--
1991	2,687	181	--	19	66	134	--
1992	2,800	188	--	20	73	135	--
1993	2,850	191	--	20	76	135	--
Italy							
1989	11,972	1,295	21	504	37	1,763	20
1990	12,134	1,333	20	527	35	1,785	55
1991	12,200	1,340	55	554	60	1,800	77
1992	12,220	1,340	77	611	52	1,830	145
1993	12,220	1,340	145	626	40	1,865	206
Netherlands							
1989	19,645	1,636	10	48	1,027	662	5
1990	19,942	1,661	5	52	1,056	657	5
1991	18,764	1,591	5	72	1,012	651	0
1992	18,600	1,567	0	87	1,014	640	0
1993	18,500	1,570	0	75	1,000	645	0
Portugal							
1989	2,786	216	5	30	--	247	4
1990	3,391	243	4	22	--	250	19
1991	3,143	214	19	33	--	255	6
1992	3,147	219	6	41	--	260	--
1993	3,165	220	--	46	--	262	4
Spain							
1989	22,833	1,722	--	67	4	1,785	--
1990	23,657	1,788	--	64	5	1,847	--
1991	24,732	1,877	--	70	10	1,937	--
1992	25,500	1,928	--	74	49	1,953	--
1993	26,480	1,970	--	76	51	1,995	--
United Kingdom							
1989	14,514	978	27	540	58	1,467	20
1990	14,204	957	20	490	58	1,392	17
1991	14,448	984	17	489	80	1,385	17
1992	14,326	982	17	457	91	1,352	13
1993	14,545	1,009	13	441	89	1,358	16

See footnotes at end of table.

Continued--

Appendix table 27: Supply and use of pork in Western Europe, 1989-93 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	--1,000 head--			1,000 tons			
<b>EC-12 2/</b>							
1989	154,221	12,662	76	2,375	2,713	12,351	55
1990	161,893	12,984	55	2,401	2,996	12,344	190
1991	170,637	13,751	190	2,601	3,132	13,209	173
1992	170,166	13,735	173	2,802	3,205	13,254	247
1993	172,891	14,072	244	2,890	3,327	13,562	317
<b>East Germany</b>							
1989	13,144	1,317	7	5	72	1,257	26
1990	11,020	1,100	26	--	9	1,078	39
1991	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA
<b>Other Western Europe</b>							
<b>Austria</b>							
1989	5,295	404	1	1	6	400	--
1990	5,305	406	--	1	3	403	1
1991	5,180	400	1	1	1	401	--
1992	5,190	402	--	1	1	402	--
1993	5,250	406	--	1	2	405	0
<b>Finland</b>							
1989	2,183	173	6	1	14	158	8
1990	2,351	186	8	--	23	163	8
1991	2,277	176	8	--	15	164	5
1992	2,292	173	5	--	9	164	5
1993	2,203	170	5	--	5	165	5
<b>Norway</b>							
1989	--	84	10	3	6	82	9
1990	--	83	9	3	3	83	9
1991	--	84	9	2	1	85	9
1992	--	85	9	1	1	86	8
1993	--	NA	NA	NA	NA	NA	NA
<b>Sweden</b>							
1989	3,835	308	4	15	46	277	4
1990	3,660	293	4	16	39	272	2
1991	3,339	268	2	20	20	269	1
1992	3,300	265	1	22	13	274	1
1993	3,380	272	1	22	17	276	2
<b>Switzerland</b>							
1989	3,521	280	1	2	1	281	1
1990	3,478	270	1	5	1	274	1
1991	3,461	265	1	4	--	270	1
1992	3,540	264	--	5	--	269	1
1993	3,424	265	--	5	--	269	4
<b>Total Other Western Europe</b>							
1989	14,834	1,249	22	22	73	1,198	22
1990	14,794	1,238	22	25	69	1,195	21
1991	14,257	1,193	21	27	37	1,189	16
1992	14,322	1,189	15	29	24	1,195	15
1993	14,257	1,113	6	28	24	1,115	11
<b>Total Western Europe</b>							
1989	169,055	13,911	98	2,397	2,786	13,549	77
1990	176,687	14,222	77	2,426	3,065	13,539	211
1991	184,894	14,944	211	2,628	3,169	14,398	189
1992	184,488	14,924	188	2,831	3,229	14,449	262
1993	187,148	15,185	250	2,918	3,351	14,677	328

/-/ indicates none or negligible.

NA = Not available.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 28: Supply and use of poultry in Western Europe, 1989-1993 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
1,000 tons						
European Community						
Belgium-Luxembourg						
1989	179	1	47	65	161	1
1990	181	1	54	77	158	1
1991	181	1	67	89	159	1
1992	189	1	65	88	166	1
1993	188	1	71	93	166	1
Denmark						
1989	128	7	6	71	63	10
1990	131	10	8	79	60	10
1991	137	10	8	77	68	7
1992	158	7	12	92	78	6
1993	163	6	14	118	59	6
France						
1989	1,550	64	71	474	1,147	28
1990	1,651	28	67	497	1,221	34
1991	1,759	34	64	559	1,264	54
1992	1,910	54	85	660	1,335	64
1993	2,020	64	115	720	1,415	64
Germany						
1989	425	--	334	52	707	--
1990	449	--	345	64	778	--
1991	574	--	356	59	905	--
1992	604	--	500	60	1,044	--
1993	630	--	500	60	1,070	--
Greece						
1989	154	4	11	3	162	6
1990	160	6	12	4	168	9
1991	160	9	13	2	171	13
1992	175	13	14	4	185	16
1993	168	16	14	3	179	16
Ireland						
1989	78	1	8	5	81	1
1990	81	1	8	4	85	1
1991	83	1	8	5	86	--
1992	84	--	7	5	86	--
1993	86	--	8	5	89	--
Italy						
1989	1,025	--	45	20	1,050	--
1990	1,069	--	44	30	1,083	--
1991	1,051	--	49	31	1,069	--
1992	1,057	--	51	30	1,078	--
1993	1,065	--	51	33	1,083	--
Netherlands						
1989	491	22	81	365	207	17
1990	526	17	113	383	256	20
1991	547	20	143	395	295	20
1992	577	20	170	443	304	20
1993	570	20	210	440	340	20
Portugal						
1989	207	--	4	3	208	--
1990	213	--	6	5	214	1
1991	234	1	6	7	237	3
1992	237	3	5	11	231	3
1993	242	3	9	12	239	3
Spain						
1989	831	--	70	6	895	--
1990	836	--	73	4	905	--
1991	875	--	73	7	941	--
1992	867	--	81	7	941	--
1993	874	--	78	7	945	--
United Kingdom						
1989	1,300	30	84	64	1,320	20
1990	1,310	20	156	91	1,375	25
1991	1,360	25	150	101	1,409	20
1992	1,511	20	191	120	1,582	20
1993	1,554	20	172	124	1,602	20

See footnotes at end of table.

Continued--

Appendix table 28: Supply and use of poultry in Western Europe, 1989-1993 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
EC-12 2/						
1989	6,368	129	761	1,128	6,001	83
1990	6,607	83	886	1,238	6,303	101
1991	6,961	101	937	1,332	6,604	118
1992	7,369	118	1,181	1,520	7,030	130
1993	7,560	130	1,242	1,615	7,187	130
East Germany						
1989	178	105	--	6	165	15
1990	150	15	5	17	153	--
1991	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA
Other Western Europe						
Austria						
1989	75	--	17	--	92	--
1990	78	--	15	--	93	--
1991	83	--	15	--	98	--
1992	88	--	15	--	103	--
1993	91	--	15	--	106	--
Finland						
1989	31	1	--	--	31	1
1990	33	1	--	--	33	1
1991	37	1	--	--	36	2
1992	36	2	--	--	37	1
1993	34	1	--	--	35	1
Sweden						
1989	47	5	--	--	48	4
1990	47	4	--	--	48	3
1991	47	3	1	--	48	3
1992	47	3	1	--	48	3
1993	NA	NA	NA	NA	NA	NA
Switzerland						
1989	33	--	43	--	76	--
1990	33	--	40	--	73	--
1991	35	--	42	--	77	--
1992	36	--	42	--	78	--
1993	NA	NA	NA	NA	NA	NA
Total Other Western Europe 3/						
1989	186	6	60	0	247	5
1990	191	5	55	--	247	4
1991	202	4	58	--	259	5
1992	207	5	58	--	266	4
1993	125	1	15	--	141	1
Total Western Europe						
1989	6,554	135	821	1,128	6,248	88
1990	6,798	88	941	1,238	6,550	105
1991	7,163	105	995	1,332	6,863	123
1992	7,576	123	1,239	1,520	7,296	134
1993	7,685	131	1,257	1,615	7,328	131

/-/ indicates none or negligible.

NA = Not available.

1/ Data for 1992 are preliminary; 1993 values are August 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

3/ Sweden and Switzerland not included for 1993.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 29: Supply and use of eggs in Western Europe, 1989-93 1/

Country and year	Number of layers	Production	Beginning stocks	Total imports	Total exports	Table egg consumption	Ending stocks
	Million hens			Million eggs			
European Community							
Belgium-Luxembourg							
1989	9	2,724	--	1,153	1,712	2,165	--
1990	9	2,941	--	1,083	1,687	2,337	--
1991	9	3,134	--	1,026	1,714	2,446	--
1992	9	3,196	--	1,115	1,843	2,468	--
1993	9	3,203	--	1,124	1,862	2,465	--
Denmark							
1989	4	1,410	360	108	143	1,375	354
1990	4	1,409	354	152	197	1,364	359
1991	4	1,435	359	155	178	1,412	340
1992	4	1,440	340	194	170	1,464	330
1993	4	1,300	330	170	172	1,298	330
France							
1989	70	15,050	217	1,327	571	15,806	216
1990	69	14,629	216	1,253	893	14,989	171
1991	69	15,300	171	1,238	1,048	15,490	171
1992	69	15,400	171	1,320	1,200	15,520	41
1993	69	15,500	41	1,330	1,200	15,630	41
Germany							
1989	47	11,884	450	5,358	1,093	16,149	--
1990	45	11,900	--	5,700	1,080	16,520	--
1991	45	15,525	--	5,763	1,300	19,988	--
1992	59	15,165	--	5,467	1,100	19,532	--
1993	58	14,700	--	5,470	1,490	18,680	--
Greece							
1989	27	2,507	48	20	--	2,527	30
1990	27	2,566	30	33	6	2,593	93
1991	27	2,514	93	41	20	2,535	46
1992	27	2,495	46	35	30	2,500	34
1993	28	2,540	34	35	25	2,550	34
Ireland							
1989	3	640	--	210	3	847	--
1990	3	640	--	210	3	847	--
1991	3	640	--	210	3	847	--
1992	3	640	--	210	3	847	--
1993	3	600	--	210	3	807	--
Italy							
1989	51	11,223	--	1,133	50	12,306	--
1990	52	11,454	--	919	56	12,317	--
1991	52	11,568	--	936	29	12,475	--
1992	52	11,454	--	1,006	51	12,409	--
1993	52	11,470	--	970	40	12,400	--
Netherlands							
1989	34	10,660	--	622	7,980	3,302	--
1990	33	10,801	--	746	8,248	3,299	--
1991	33	10,762	--	857	8,373	3,246	--
1992	32	10,389	--	798	7,869	3,318	--
1993	32	9,750	--	850	7,300	3,300	--
Portugal							
1989	5	1,520	--	17	22	1,515	--
1990	6	1,590	--	12	22	1,580	--
1991	6	1,671	--	8	66	1,613	--
1992	7	1,814	--	6	53	1,767	--
1993	7	1,840	--	7	43	1,804	--
Spain							
1989	44	10,140	--	471	25	10,586	--
1990	41	10,659	--	371	53	10,977	--
1991	43	10,184	--	235	112	10,307	--
1992	43	8,675	--	243	49	8,869	--
1993	42	8,985	--	246	53	9,178	--
United Kingdom							
1989	50	10,547	--	824	410	10,961	--
1990	47	10,658	--	1,415	620	11,453	--
1991	44	11,006	--	967	243	11,730	--
1992	43	10,699	--	846	245	11,300	--
1993	44	10,680	--	855	251	11,284	--

See footnotes at end of table.

Continued--

Appendix table 29: Supply and use of eggs in Western Europe, 1989-93 1/

Country and year	Number of layers	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----Million eggs-----							
EC-12 2/							
1989	344	78,305	1,075	11,243	12,009	77,539	600
1990	336	79,247	600	11,894	12,865	78,276	623
1991	335	83,739	623	11,436	13,086	82,089	557
1992	348	81,367	557	11,240	12,613	79,994	405
1993	348	80,568	405	11,267	12,439	79,396	405
East Germany							
1989	25	5,905	20	--	444	5,361	100
1990	18	5,100	100	--	800	4,500	--
1991	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA
Other Western Europe							
Austria							
1989	9	1,695	--	350	--	1,674	--
1990	8	1,664	--	413	--	1,649	--
1991	9	1,691	--	413	--	1,645	--
1992	9	1,690	--	296	--	1,646	--
1993	9	1,700	--	303	--	1,652	--
Finland							
1989	5	1,288	2	--	326	881	--
1990	5	1,232	--	--	329	832	--
1991	4	1,077	--	--	208	800	--
1992	4	1,087	--	--	191	824	--
1993	4	1,120	--	--	230	818	--
Switzerland							
1989	3	693	0	686	--	1,379	22
1990	3	635	22	735	--	1,368	24
1991	3	628	24	770	--	1,402	18
1992	3	628	18	778	--	1,404	20
1993	NA	NA	NA	NA	NA	NA	NA
Total Other Western Europe 3/							
1989	17	3,676	2	1,036	326	3,934	22
1990	16	3,531	22	1,148	329	3,849	24
1991	16	3,396	24	1,183	208	3,847	18
1992	16	3,405	18	1,074	191	3,874	20
1993	13	2,820	--	303	230	2,470	--
Total Western Europe							
1989	361	81,981	1,077	12,279	12,335	81,473	622
1990	352	82,778	622	13,042	13,194	82,125	647
1991	351	87,135	647	12,619	13,294	85,936	575
1992	364	84,772	575	12,314	12,804	83,868	425
1993	361	83,388	405	11,570	12,669	81,866	405

/-- indicates none or negligible.

NA = not available.

1/ Data for 1992 are preliminary; 1993 values are August 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

3/ Sweden and Switzerland not included for 1993.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 30: Supply and use of butter in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks		
European Community			1,000 tons					
Belgium-Luxembourg								
1989	89	18	124	133	69	29		
1990	87	29	97	121	65	27		
1991	82	27	132	150	75	16		
1992	81	16	130	147	73	17		
1993	81	17	128	133	73	20		
Denmark								
1989	92	--	15	55	52	--		
1990	93	--	11	51	49	4		
1991	71	4	17	49	38	5		
1992	62	5	10	48	27	2		
1993	60	2	10	48	24	--		
France								
1989	518	180	81	108	455	216		
1990	527	216	74	105	470	242		
1991	494	242	106	114	470	258		
1992	455	258	123	98	460	273		
1993	450	273	105	100	470	258		
Germany								
1989	438	60	115	107	497	9		
1990	389	9	138	40	429	67		
1991	555	107	109	191	550	30		
1992	470	30	126	65	544	17		
1993	463	17	130	50	530	30		
Greece								
1989	6	1	5	--	11	1		
1990	5	1	5	--	11	1		
1991	7	1	6	--	12	2		
1992	7	2	5	--	12	2		
1993	7	2	6	--	13	2		
Ireland								
1989	156	59	4	156	20	43		
1990	159	43	2	69	18	117		
1991	146	117	1	135	12	117		
1992	140	117	1	162	12	84		
1993	139	84	1	126	12	86		
Italy								
1989	74	--	46	12	108	--		
1990	80	--	45	13	102	--		
1991	80	--	48	15	100	--		
1992	80	--	44	20	100	--		
1993	75	--	40	25	100	--		
Netherlands								
1989	213	43	154	237	144	29		
1990	209	29	57	112	101	82		
1991	196	82	90	160	140	28		
1992	179	28	64	162	59	20		
1993	180	20	65	140	75	10		
Portugal								
1989	12	--	1	2	11	--		
1990	15	--	1	5	11	--		
1991	15	--	--	6	8	1		
1992	16	1	--	4	9	4		
1993	16	4	--	4	11	5		
Spain								
1989	30	16	5	25	24	2		
1990	46	2	5	3	22	28		
1991	38	28	6	10	26	36		
1992	24	36	8	10	28	30		
1993	18	30	10	10	28	20		
United Kingdom								
1989	130	68	117	65	217	33		
1990	138	33	113	38	172	74		
1991	112	74	104	39	184	42		
1992	99	42	123	51	167	41		
1993	94	41	101	61	163	12		

See footnotes at end of table.

Continued--

Appendix table 30: Supply and use of butter in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
EC-12 2/						
1989	1,758	445	667	900	1,608	362
1990	1,749	362	548	557	1,450	642
1991	1,796	682	619	869	1,615	535
1992	1,613	535	634	767	1,491	490
1993	1,583	490	596	697	1,499	443
East Germany						
1989	273	27	2	65	200	37
1990	251	37	--	113	145	30
1991	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA
Other Western Europe						
Austria						
1989	41	2	--	2	40	1
1990	40	1	--	1	40	--
1991	42	--	--	1	41	--
1992	40	--	--	1	39	--
1993	40	--	--	1	39	--
Finland						
1989	63	11	--	21	39	14
1990	63	14	--	37	33	7
1991	60	7	--	23	39	5
1992	54	5	--	14	37	8
1993	53	5	--	21	32	8
Norway						
1989	26	4	--	7	19	4
1990	29	4	--	7	22	4
1991	26	4	--	7	18	3
1992	23	3	--	7	17	4
1993	22	4	--	5	16	4
Sweden						
1989	70	4	--	18	48	8
1990	76	8	--	32	48	4
1991	63	4	--	21	44	2
1992	62	2	--	19	43	2
1993	65	2	--	22	42	3
Switzerland						
1989	39	5	3	--	42	5
1990	38	5	4	--	42	5
1991	40	5	3	--	43	5
1992	39	5	2	--	42	4
1993	40	4	3	--	42	5
Other Western Europe						
1989	239	26	3	48	188	32
1990	246	32	4	77	185	20
1991	231	20	3	52	185	15
1992	218	15	2	41	178	18
1993	220	18	3	49	171	20
Total Western Europe						
1989	1,997	471	670	948	1,796	394
1990	1,995	394	552	634	1,635	662
1991	2,027	702	622	921	1,800	550
1992	1,831	550	636	808	1,669	508
1993	1,803	508	599	746	1,670	463

/-/ indicates none or negligible.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 31: Supply and use of cheese in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks		
European Community			1,000 tons					
Belgium-Luxembourg								
1989	38	2	111	31	117	3		
1990	42	3	142	70	114	3		
1991	45	3	151	81	115	3		
1992	46	3	154	85	116	2		
1993	47	2	163	91	118	3		
Denmark								
1989	275	31	15	216	72	33		
1990	293	33	17	238	62	43		
1991	285	43	20	231	78	39		
1992	290	39	19	219	79	50		
1993	295	50	19	218	92	54		
France								
1989	1,485	17	103	320	1,254	31		
1990	1,471	31	101	343	1,260	--		
1991	1,500	--	111	336	1,275	--		
1992	1,525	--	112	352	1,285	--		
1993	1,535	--	110	365	1,280	--		
Germany								
1989	610	45	309	266	626	72		
1990	610	72	343	290	645	90		
1991	777	90	367	308	835	91		
1992	809	91	396	291	902	8		
1993	880	8	425	290	925	3		
Greece								
1989	210	73	30	10	230	73		
1990	200	73	43	11	232	73		
1991	210	73	48	11	240	80		
1992	213	80	50	14	240	89		
1993	215	89	50	15	242	97		
Ireland								
1989	74	12	7	61	15	17		
1990	72	17	9	72	17	9		
1991	73	9	8	68	16	6		
1992	95	6	9	92	17	1		
1993	90	1	10	75	17	9		
Italy								
1989	760	435	301	70	965	461		
1990	811	461	289	75	975	511		
1991	885	511	291	89	980	618		
1992	880	618	295	105	985	703		
1993	870	703	275	110	1,005	733		
Netherlands								
1989	568	76	61	420	213	72		
1990	593	72	69	433	206	95		
1991	610	95	78	473	210	95		
1992	638	95	81	498	209	107		
1993	645	107	83	510	215	110		
Portugal								
1989	55	--	2	3	54	--		
1990	49	--	3	2	50	--		
1991	57	--	3	2	58	--		
1992	57	--	4	2	59	--		
1993	56	--	6	2	60	--		
Spain								
1989	123	28	40	6	155	30		
1990	133	30	46	7	172	30		
1991	152	30	48	9	190	31		
1992	154	31	50	9	195	31		
1993	145	31	58	9	195	30		
United Kingdom								
1989	280	146	179	36	433	136		
1990	316	136	202	40	469	145		
1991	303	145	192	51	464	125		
1992	324	125	232	48	470	163		
1993	300	163	190	52	476	125		

See footnotes at end of table.

Continued--

Appendix table 31: Supply and use of cheese in Western Europe, 1989-93

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
1,000 tons						
EC-12 2/						
1989	4,478	865	1,158	1,439	4,134	928
1990	4,590	928	1,264	1,581	4,202	999
1991	4,897	999	1,317	1,659	4,461	1,088
1992	5,031	1,088	1,402	1,715	4,557	1,154
1993	5,078	1,154	1,389	1,737	4,625	1,164
East Germany						
1989	275	54	5	--	290	44
1990	139	44	55	--	238	--
1991	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA
Other Western Europe						
Austria						
1989	88	9	10	35	63	9
1990	87	9	11	36	62	9
1991	83	9	12	30	68	6
1992	84	6	13	27	72	4
1993	83	4	18	25	74	6
Finland						
1989	78	6	2	22	54	10
1990	81	13	2	26	54	13
1991	72	8	2	25	54	8
1992	73	8	3	20	56	8
1993	72	8	3	17	58	8
Norway						
1989	76	17	2	22	55	18
1990	76	18	2	22	55	19
1991	81	19	2	22	59	25
1992	79	25	2	24	58	24
1993	78	24	2	23	57	24
Sweden						
1989	109	40	17	4	122	40
1990	108	40	21	4	129	36
1991	107	36	23	4	125	37
1992	105	37	22	2	124	38
1993	108	38	19	4	123	38
Switzerland						
1989	137	18	25	64	97	19
1990	138	20	26	62	101	20
1991	142	23	28	62	105	23
1992	143	28	29	61	106	28
1993	142	30	30	63	107	30
Total Other Western Europe						
1989	488	90	56	147	391	96
1990	490	100	62	150	401	97
1991	485	95	67	143	411	99
1992	484	104	69	134	416	102
1993	483	104	72	132	419	106
Total Western Europe						
1989	4,966	955	1,214	1,586	4,525	1,024
1990	5,080	1,028	1,326	1,731	4,603	1,096
1991	5,382	1,094	1,384	1,802	4,872	1,187
1992	5,515	1,192	1,471	1,849	4,973	1,256
1993	5,561	1,258	1,461	1,869	5,044	1,270

/-/ indicates none or negligible.

NA = Not available.

1/ Data for 1992 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 32: Supply and use of nonfat dry milk in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community				1,000 tons		
Belgium-Luxembourg						
1989	98	6	20	85	35	4
1990	94	4	30	63	42	23
1991	75	23	46	84	44	15
1992	80	15	52	85	45	5
1993	81	5	55	85	48	8
Denmark						
1989	13	--	6	4	15	--
1990	41	--	6	33	14	--
1991	17	--	8	12	13	--
1992	13	--	9	7	15	--
1993	18	--	5	8	15	--
France						
1989	492	--	40	161	360	11
1990	580	11	27	200	409	9
1991	453	9	66	64	455	9
1992	405	9	107	90	335	96
1993	390	96	85	178	352	41
Germany						
1989	450	152	61	383	82	198
1990	420	198	55	300	90	283
1991	539	285	21	431	162	177
1992	400	177	24	471	110	20
1993	390	20	25	320	105	20
Greece						
1989	--	--	10	--	10	--
1990	--	--	10	--	10	--
1991	--	--	10	--	10	--
1992	--	--	10	--	10	--
1993	--	--	10	--	10	--
Ireland						
1989	140	47	1	135	10	43
1990	200	43	1	96	11	137
1991	188	137	2	76	11	240
1992	131	240	1	225	11	136
1993	141	136	1	176	11	58
Italy						
1989	--	--	172	--	172	--
1990	--	--	178	--	178	--
1991	--	--	183	--	183	--
1992	--	--	180	--	180	--
1993	--	--	178	--	178	--
Netherlands						
1989	83	--	248	167	164	--
1990	70	--	238	115	191	2
1991	52	2	233	74	211	3
1992	50	3	275	93	235	--
1993	55	--	255	90	225	--
Portugal						
1989	10	--	3	2	11	--
1990	15	--	1	4	10	2
1991	12	2	2	6	10	--
1992	11	--	3	4	10	--
1993	11	--	3	4	10	--
Spain						
1989	31	5	12	13	30	5
1990	46	5	16	30	18	19
1991	30	19	19	14	33	21
1992	22	21	20	27	33	3
1993	18	3	22	7	33	3
United Kingdom						
1989	133	22	16	81	69	21
1990	166	21	7	104	67	23
1991	143	23	8	71	75	17
1992	102	17	26	48	83	14
1993	98	14	26	54	77	7

See footnotes at end of table.

Continued--

Appendix table 32: Supply and use of nonfat dry milk in Western Europe, 1989-93 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
----- 1,000 tons-----						
EC-12 2/						
1989	1,450	232	589	1,031	958	282
1990	1,632	282	569	945	1,040	498
1991	1,509	498	598	832	1,207	482
1992	1,214	482	707	1,050	1,067	274
1993	1,202	274	665	922	1,064	137
East Germany						
1989	50	--	--	12	36	2
1990	89	2	--	12	77	2
1991	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA
Other Western Europe						
Austria						
1989	21	8	--	12	11	6
1990	24	6	--	14	9	7
1991	28	7	--	17	15	3
1992	24	3	--	18	6	3
1993	24	3	--	16	7	4
Finland						
1989	26	10	--	2	17	17
1990	22	17	--	3	22	14
1991	20	14	--	7	16	11
1992	16	11	--	3	17	7
1993	17	7	--	2	17	5
Norway						
1989	--	--	--	--	--	--
1990	--	--	--	--	--	--
1991	--	--	--	--	--	--
1992	--	--	--	--	--	--
1993	--	--	--	--	--	--
Sweden						
1989	48	4	1	17	23	13
1990	51	13	2	31	26	9
1991	31	9	3	17	24	2
1992	25	2	3	3	24	3
1993	35	3	1	12	24	3
Switzerland						
1989	33	4	--	3	29	5
1990	32	5	--	2	30	5
1991	30	5	--	2	30	4
1992	29	4	--	2	30	3
1993	29	3	--	--	30	2
Other Western Europe						
1989	128	26	1	34	80	41
1990	133	41	2	50	87	35
1991	111	35	3	43	85	20
1992	98	20	3	26	77	16
1993	104	16	1	30	78	14
Total Western Europe						
1989	1,578	258	590	1,065	1,038	323
1990	1,765	323	571	995	1,127	533
1991	1,620	533	601	875	1,292	502
1992	1,312	502	710	1,076	1,144	290
1993	1,306	290	666	952	1,142	151

/-/ indicates none or negligible.

NA = Not available.

1/ Data for 1993 are preliminary; 1993 values are July 1993 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1989-1990 do not include the former East Germany.

Source: USDA.

Appendix table 33: Supply and use of lamb, mutton, and goat in Western Europe, 1990-93 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	--1,000 head--			--1,000 tons			
Belgium-Luxembourg							
1990	335	7	--	17	4	20	--
1991	251	5	--	17	4	18	--
1992	273	5	--	17	4	18	--
1993	300	6	--	17	5	18	--
Denmark							
1990	79	2	--	3	--	5	--
1991	107	2	--	4	--	6	--
1992	130	2	--	4	--	6	--
1993	150	2	--	4	--	6	--
France							
1990	11,158	193	--	126	7	312	--
1991	9,690	185	--	141	5	321	--
1992	9,494	180	--	155	5	330	--
1993	9,405	175	--	170	5	340	--
Germany							
1990	1,869	37	--	33	3	67	--
1991	2,396	50	--	35	10	75	--
1992	2,250	43	--	41	2	82	--
1993	2,300	44	--	42	2	84	--
Greece							
1990	8,000	130	8	15	--	145	8
1991	7,750	128	8	15	--	146	5
1992	7,700	127	5	15	--	144	3
1993	7,700	127	3	16	--	143	3
Ireland							
1990	3,886	82	--	--	55	27	--
1991	4,215	89	--	--	61	28	--
1992	4,500	96	--	--	67	29	--
1993	4,500	96	--	--	66	30	--
Italy							
1990	9,752	85	--	23	2	106	--
1991	9,070	85	--	22	1	106	--
1992	9,160	87	--	22	3	106	--
1993	9,160	87	--	22	3	106	--
Netherlands							
1990	630	19	--	4	6	14	--
1991	697	17	--	5	6	16	--
1992	693	17	--	6	6	17	--
1993	750	18	--	6	7	17	--
Portugal							
1990	2,348	28	4	10	--	34	7
1991	2,380	29	7	10	--	38	8
1992	2,475	30	8	9	--	40	8
1993	2,476	32	8	8	--	42	6
Spain							
1990	18,600	230	--	20	3	247	--
1991	20,310	243	--	16	4	255	--
1992	20,939	250	--	30	7	273	--
1993	20,790	252	--	25	4	273	--
United Kingdom							
1990	19,819	371	16	129	80	414	22
1991	20,925	386	22	103	80	410	21
1992	18,927	351	21	125	89	392	16
1993	19,500	364	16	130	105	388	17

See footnotes at end of table.

Appendix table 33: Supply and use of lamb, mutton, and goat in Western Europe, 1990-93 1/

Country and year	Slaughter --1,000 head--	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
				1,000 tons--			
EC-12 2/							
1990	76,476	1,184	28	380	160	1,391	37
1991	77,791	1,219	37	368	171	1,419	34
1992	76,541	1,188	34	424	183	1,437	27
1993	77,031	1,203	27	440	197	1,447	26
East Germany							
1990	527	11	2	--	1	9	2
1991	610	13	2	--	5	8	2
1992	NA	NA	NA	NA	NA	NA	NA
1993	NA	NA	NA	NA	NA	NA	NA
Other Western Europe							
Austria							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Finland							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Norway							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Sweden							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Switzerland							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Total Other Western Europe							
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	--
1992	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--
Total Western Europe							
1990	76,476	1,184	28	380	160	1,391	37
1991	77,791	1,219	37	368	171	1,419	34
1992	76,541	1,188	34	424	183	1,437	27
1993	77,031	1,203	27	440	197	1,447	26

/-- indicates none or negligible.

NA = Not available.

1/ Data for 1991 are preliminary; 1992 values are September 1992 forecasts.

2/ Imports/exports data include intra-EC trade.

Data for 1988-1990 do not include the former East Germany.

Source: USDA.

Appendix table 34: European Community agricultural policy prices, 1989/90-1993/94 1/

Product	Type of price	1989/90	1990/91	1991/92	1992/93	1993/94
Common wheat	target	247.78	234.22	233.26	226.47	128.32
	intervention (bread)	174.06	168.55	168.55	163.49	115.48
	intervention (bread), Portugal	--	--	210.80	--	--
	intervention (feed)	165.36	160.13	160.13	155.33	115.48
	intervention (feed), Portugal	--	--	200.26	--	--
	threshold	236.74	229.85	228.67	221.68	172.74
Durum wheat	target	315.39	287.38	277.21	269.10	128.32
	intervention	253.26	235.96	227.70	220.87	115.48
	intervention, Spain	--	--	216.48	--	--
	aid/ha	158.98	171.14	181.88	181.88	297.00
	aid/ha, Spain	--	--	146.34	--	--
	threshold	311.05	283.01	272.62	264.31	172.74
Barley	target	225.48	213.29	212.33	206.16	128.32
	intervention	165.36	160.13	160.13	155.33	115.48
	threshold	215.12	208.92	207.42	201.37	172.74
Corn	target	225.48	213.29	212.33	206.16	128.32
	intervention	174.06	168.55	168.55	163.49	115.48
	threshold	215.12	208.92	207.42	201.37	172.74
Sorghum	target	225.48	213.29	212.33	206.16	128.32
	intervention	165.36	160.13	160.33	155.33	115.48
	threshold	215.12	208.92	207.42	201.37	172.74
Rye	target	225.48	213.29	212.33	206.16	128.32
	intervention	165.36	160.13	160.13	155.33	115.48
	threshold	215.12	208.92	207.42	201.37	172.74
Rice	target (husked)	546.88	546.13	546.13	545.52	537.54
	intervention (paddy)	314.19	313.65	313.65	313.65	313.65
	intervention (paddy), Portugal	--	--	338.39	332.21	--
	threshold (husked)	541.24	540.05	NA	NA	NA
Sugar beet	basic	40.07	40.00	40.00	40.00	40.00
	basic price, Spain	47.16	47.09	46.84	41.82	40.00
	basic price, Portugal	42.90	42.83	42.83	41.57	40.00
	'A' quota	39.27	39.20	39.20	39.20	39.20
	'A' quota, Spain	46.36	46.29	46.04	41.02	39.20
	'A' quota, Portugal	42.10	42.03	42.03	39.20	39.20
	'B' quota	27.25	27.20	24.20	24.20	27.20
	'B' quota, Spain	34.34	34.04	31.04	29.02	27.20
	'B' quota, Portugal	30.08	30.03	27.03	24.20	27.20
Raw sugar	intervention	440.20	439.40	439.40	439.40	439.40
	threshold	556.10	550.60	546.00	546.00	546.00
White sugar	target	558.90	558.90	557.90	557.90	557.90
	intervention	531.00	530.10	530.10	530.10	530.10
	intervention, Spain	--	--	612.90	595.70	544.10
	intervention, Portugal	--	--	533.50	542.22	542.20
	intervention, Italy	550.40	549.50	549.50	530.10	549.50
	intervention, UK/Ireland	543.10	542.20	542.20	530.10	542.20
Rapeseed	threshold	650.00	644.00	639.00	639.00	639.00
	target	436.20	379.70	442.70	--	--
	target, Spain	414.50	420.30	419.70	--	--
	intervention	407.60	406.90	400.80	--	--
Sunflower	intervention, Spain	371.90	377.80	377.80	--	--
	adjusted intervention	394.00	337.00	321.00	--	--
	target	583.50	582.50	573.80	--	--
	target, Spain	480.00	497.10	506.50	--	--
	intervention	534.70	533.80	525.80	--	--
Intervention, Spain	intervention, Spain	431.20	448.40	458.50	--	--
	adjusted intervention	499.00	411.00	440.00	--	--

Continued--

Appendix table 34: European Community agricultural policy prices, 1989/90-1993/94 1/

Product	Type of price	1989/90	1990/91	1991/92	1992/93	1993/94
Soybeans	guide	558.50	557.50	549.10	--	--
	guide, Spain	459.90	476.20	485.10	--	--
	minimum	489.40	488.60	481.30	--	--
	minimum, Spain	390.80	407.30	417.30	--	--
	adjusted intervention	382.00	321.00	371.00	--	--
Olive oil	production target	3,225.60	3,220.10	3,220.10	3,211.60	3,211.60
	intervention	2,162.40	2,158.70	2,158.70	2,018.40	1,968.40
	intervention, Spain	1,652.10	1,751.20	1,853.10	2,018.40	1,968.40
	intervention, Portugal	2,058.70	2,075.80	2,096.50	1,979.60	1,949.40
	production aid	709.50	708.30	708.30	841.10	891.10
	production aid, Spain	333.60	395.60	458.50	554.20	666.50
	production aid, Portugal	283.80	354.20	425.30	529.30	649.90
Dried fodder	guide	178.92	178.61	178.61	178.61	178.61
Peas and beans	guide, Spain	65.68	169.99	174.30	--	--
	activating	447.60	446.80	440.10	440.10	--
Lupins	guide	295.20	294.70	290.30	290.30	--
	peas, minimum	257.70	257.30	253.40	253.40	--
	adjusted minimum	234.10	198.30	211.59	210.00	--
	beans, minimum	238.87	238.30	234.70	234.70	--
	adjusted minimum	215.10	179.30	195.97	210.00	--
Dairy	activating	430.50	429.80	423.40	423.40	--
	minimum	289.00	288.50	284.20	284.20	--
	adjusted minimum	265.40	229.50	NA	256.90	--
Beef and veal	milk target	278.40	268.10	268.10	268.10	264.00
	butter intervention	2,932.80	2,927.80	2,927.80	2,927.80	2,840.00
	butter intervention, Portugal	--	--	2,927.80	2,927.80	--
	butter intervention, Spain	--	--	3,024.90	2,927.80	--
	SMP intervention	1,722.30	1,724.30	1,724.30	1,724.30	1,724.30
	SMP intervention, Spain	--	--	2,026.70	1,724.30	--
	SMP intervention, Portugal	--	--	2,100.00	2,070.00	--
	cheese intervention					
	Grana Padano - 30 - 60 days	3,889.30	3,796.70	3,796.70	3,796.70	3,720.50
	- 6 months	4,803.30	4,704.30	4,704.30	4,704.30	4,625.10
Sheepmeat	Parmigiano-Reggiano- 6 months	5,291.90	5,192.10	5,192.10	5,192.10	5,113.70
	adult cattle					
	- guide (liveweight)	2,050.20	2,000.00	2,000.00	2,000.00	2,000.00
Pigmeat	- intervention					
	(carcass weight)	3,440.00	3,430.00	3,430.00	3,430.00	3,258.50
	basic (slaughter wt.)	4,323.20	4,323.20	4,229.50	4,229.50	4,185.30
Cotton	adjusted basic (GB)	4,107.04	4,013.69	3,979.96	3,933.40	3,892.32
	adjusted basic (EC-11)	4,107.04	4,013.69	3,933.44	--	--
Table wine	basic (slaughter wt.)	2,033.30	1,900.00	1,897.00	1,897.00	1,897.00
	guide					
	RI (ECU/degree hl)	3.27	3.21	3.21	3.21	3.21
	RI, Spain	2.69	2.81	3.01	3.21	3.21
	RII (ECU/degree hl)	3.27	3.21	3.21	3.21	3.21
	RII, Spain	2.69	2.81	3.01	3.21	3.21
	RIII (ECU/hl)	52.23	52.14	52.14	52.14	52.14
	RIII, Spain	42.23	45.48	48.81	52.14	52.14
	AI (ECU/degree hl)	3.17	3.21	3.21	3.21	3.21
	AI, Spain	2.53	2.81	3.01	3.21	3.21
	AII (ECU/hl)	69.60	69.48	69.48	69.48	69.48
	AII, Spain	56.24	60.59	65.04	69.48	69.48
	AIII (ECU/hl)	79.49	79.35	79.35	79.35	79.35
	AIII, Spain	64.23	69.20	74.28	79.35	79.35

NA = not available

1/ 1993/94 target and intervention prices for grains apply from July 1, 1993 intervention prices apply from November 1, 1993.

2/ Only grains reflect the agrimonetary effect.

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